CALIFORNIA
GENERAL ELECTION
TUESDAY, NOVEMBER 2, 2010

★ OFFICIAL VOTER INFORMATION GUIDE ★

Certificate of Correctness

I, Debra Bowen, Secretary of State of the State of California, hereby certify that the measures included herein will be submitted to the electors at the General Election to be held on November 2, 2010, and that this guide has been prepared in accordance with the law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 10th day of August, 2010.

Debra Bowen
Secretary of State

Secretary of State

Dear Fellow Voter:

By registering to vote, you have taken the first step in playing an active role in deciding California's future. Now, to help you make your decisions, my office has created this Official Voter Information Guide that contains titles and summaries prepared by Attorney General Edmund G. Brown Jr.; impartial analyses of the law and potential costs to taxpayers prepared by Legislative Analyst Mac Taylor; arguments in favor of and against ballot measures prepared by proponents and opponents; text of the proposed laws prepared/proofed by Legislative Counsel Diane F. Boyer-Vine; and other useful information. The printing of the guide was done under the supervision of Acting State Printer Kevin P. Hannah.

This guide to statewide candidates and measures is just one of the useful tools for learning more about what will be on your specific ballot. Information about non-statewide candidates and measures is available in your county sample ballot booklet. (See page 89 of this guide for more details.)

Voting is easy, and any registered voter may vote by mail, or in his or her local polling place. The last day to request a vote-by-mail ballot from your county elections office is October 26.

There are more ways to participate in the electoral process. You can:

- Be a poll worker on Election Day, helping to make voting easier for all eligible voters and protecting ballots until they are counted by elections officials;
- Spread the word about voter registration deadlines and voting rights through emails, phone calls, brochures, and posters; and
- Help educate other voters about the candidates and issues by organizing discussion groups or participating in debates with friends, family, and community leaders.

For more information about how and where to vote, as well as other ways you can participate in the electoral process, call (800) 345-VOTE or visit *www.sos.ca.gov.*

It is a wonderful privilege in a democracy to have a choice and the right to voice your opinion. As you know, some contests really do come down to a narrow margin of just a few votes. Whether you cast your ballot at a polling place or by mail, I encourage you to take the time to carefully read about each candidate and ballot measure—and to know your voting rights.

Thank you for taking your civic responsibility seriously and making your voice heard!

VISIT THE SECRETARY OF STATE'S WEBSITE TO:

- View information on statewide ballot measures *www.voterguide.sos.ca.gov*
- Research campaign contributions and lobbying activity *http://cal-access.sos.ca.gov/campaign*
- Find your polling place on Election Day *www.sos.ca.gov/elections/elections_ppl.htm*
- Obtain vote-by-mail ballot information *www.sos.ca.gov/elections/elections_m.htm*
- Watch live election results after polls close on Election Day *http://vote.sos.ca.gov*

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On August 10, 2010, the State Legislature and Governor removed Proposition 18 from the ballot.

PROP 19 LEGALIZES MARIJUANA UNDER CALIFORNIA BUT NOT FEDERAL LAW. PERMITS LOCAL GOVERNMENTS TO REGULATE AND TAX COMMERCIAL PRODUCTION, DISTRIBUTION, AND SALE OF MARIJUANA. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Allows people 21 years old or older to possess, cultivate, or transport marijuana for personal use. Fiscal Impact: Depending on federal, state, and local government actions, potential increased tax and fee revenues in the hundreds of millions of dollars annually and potential correctional savings of several tens of millions of dollars annually.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Individuals age 21 or older could, under state law, possess and cultivate limited amounts of marijuana for personal use. In addition, the state and local governments could authorize, regulate, and tax commercial marijuana-related activities under certain conditions. These activities would remain illegal under federal law.

NO A NO vote on this measure means: The possession and cultivation of marijuana for personal use and commercial marijuana-related activities would remain illegal under state law, unless allowed under the state's existing medical marijuana law.

ARGUMENTS

PRO COMMON SENSE CONTROL OF MARIJUANA. Stops wasting taxpayer dollars on failed marijuana prohibition. Controls and taxes marijuana like alcohol. Makes marijuana available *only* to adults. Adds criminal penalties for giving it to anyone under 21. Weakens drug cartels. Enforces road and workplace safety. Generates billions in revenue. Saves taxpayers money.

CON Opposed by Mothers Against Drunk Driving (MADD) because allows drivers to smoke marijuana until the moment they climb behind the wheel. Endangers public safety. Jeopardizes $9,400,000,000.00 in school funding, billions in federal contracts, thousands of jobs. Opposed by California's Sheriffs, Police Chiefs, Firefighters and District Attorneys. Vote "No" on 19.

FOR ADDITIONAL INFORMATION

FOR

James Rigdon
Yes on Proposition 19
1776 Broadway
Oakland, CA 94612
(510) 268-9701
info@taxcannabis.org
www.yeson19.com

AGAINST

No On Proposition 19—
Public Safety First
info@NoOnProposition19.com
www.NoOnProposition19.com

QUICK-REFERENCE GUIDE

PROP 20 REDISTRICTING OF CONGRESSIONAL DISTRICTS. INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by Petition Signatures

Removes elected representatives from process of establishing congressional districts and transfers that authority to recently-authorized 14-member redistricting commission comprised of Democrats, Republicans, and representatives of neither party. Fiscal Impact: No significant net change in state redistricting costs.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The responsibility to determine the boundaries of California's districts in the U.S. House of Representatives would be moved to the Citizens Redistricting Commission, a commission established by Proposition 11 in 2008. (Proposition 27 on this ballot also concerns redistricting issues. If both Proposition 20 and Proposition 27 are approved by voters, the proposition receiving the greater number of "yes" votes would be the only one to go into effect.)

NO A NO vote on this measure means: The responsibility to determine the boundaries of California's districts in the U.S. House of Representatives would remain with the Legislature.

ARGUMENTS

PRO TAXPAYER, GOOD GOVERNMENT GROUPS SUPPORT 20 so the voter-approved Citizens Redistricting Commission will draw fair districts for the Legislature AND Congress. POLITICIANS oppose 20 so they can keep power to draw "safe" Congressional districts. YES on 20 helps us vote politicians out of office for not doing their jobs.

CON Vote No on 20. Accountability to the people is the fundamental principle of our form of government. But 20 gives a non-accountable fourteen-person bureaucracy even more power. And this bureaucracy will cost you money! Our state is in crisis! Unemployment, crime, massive debt. Stop the nonsense. No on 20.

FOR ADDITIONAL INFORMATION

FOR

Yes on 20, No on 27—Hold Politicians Accountable, a coalition of taxpayers, seniors, good government groups, small business and community organizations.
925 University Ave.
Sacramento, CA 95825
(866) 395-6121
email@yes20no27.org
www.yesprop20.org

AGAINST

No on 20
6380 Wilshire Boulevard, Suite 1612
Los Angeles, CA 90048
(323) 655-4065
www.noprop20.org

PROP 21 ESTABLISHES $18 ANNUAL VEHICLE LICENSE SURCHARGE TO HELP FUND STATE PARKS AND WILDLIFE PROGRAMS. GRANTS SURCHARGED VEHICLES FREE ADMISSION TO ALL STATE PARKS. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Exempts commercial vehicles, trailers and trailer coaches from the surcharge. Fiscal Impact: Annual increase to state revenues of $500 million from surcharge on vehicle registrations. After offsetting some existing funding sources, these revenues would provide at least $250 million more annually for state parks and wildlife conservation.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: An $18 annual surcharge would be added to the amount paid when a person registers a motor vehicle. The surcharge revenues would be used to provide funding for state park and wildlife conservation programs. Vehicles subject to the surcharge would have free admission and parking at all state parks.

NO A NO vote on this measure means: State park and wildlife conservation programs would continue to be funded through existing state and local funding sources. Admission and parking fees could continue to be charged for vehicles entering state parks.

ARGUMENTS

PRO California's state parks and beaches are in peril and face irreparable damage. Prop. 21 establishes vitally-needed Trust Fund to keep parks open, maintained, and safe. Protects economic benefits to California from parks-related tourism. Prohibits politicians' raids, and mandates Annual Audits and Citizens' Oversight.

CON Prop. 21 is a cynical plan to bring back the car tax. Politicians in Sacramento are already scheming to divert existing park funds to other wasteful programs so overall park funding doesn't increase but car taxes do. Say No to car taxes and wrong priorities. No on 21.

FOR ADDITIONAL INFORMATION

FOR

Yes on 21: Californians for State Parks and Wildlife Conservation
info@yesforstateparks.com
www.YesForStateParks.com

AGAINST

Rob Stutzman
Californians Against Car Taxes, No on Proposition 21
1415 L Street, Suite 430
Sacramento, CA 95814

QUICK-REFERENCE GUIDE

PROP 22 PROHIBITS THE STATE FROM BORROWING OR TAKING FUNDS USED FOR TRANSPORTATION, REDEVELOPMENT, OR LOCAL GOVERNMENT PROJECTS AND SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by Petition Signatures

Prohibits State, even during severe fiscal hardship, from delaying distribution of tax revenues for these purposes. Fiscal Impact: Decreased state General Fund spending and/or increased state revenues, probably in the range of $1 billion to several billions of dollars annually. Comparable increases in funding for state and local transportation programs and local redevelopment.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The state's authority to use or redirect state fuel tax and local property tax revenues would be significantly restricted.

NO A NO vote on this measure means: The state's current authority over state fuel tax and local property tax revenues would not be affected.

ARGUMENTS

PRO YES on 22 stops state politicians from taking local government funds. 22 stops the State from taking gas taxes voters have dedicated to transportation. 22 protects local services: 9-1-1 emergency response, police, fire, libraries, transit, road repairs. Supported by California Fire Chiefs Association, California Police Chiefs Association, California Library Association.

CON California's teachers, firefighters, nurses, and taxpayer advocates say NO on 22. If 22 passes, public schools stand to lose billions of dollars. 22 takes money firefighters use to fight fires and natural disasters while protecting redevelopment agencies and their developer friends. Another proposition that sounds good, but makes things worse.

FOR ADDITIONAL INFORMATION

FOR

Yes on 22, Californians to Protect Local Taxpayers & Vital Services
1121 L Street #803
Sacramento, CA 95814
(888) 562-5551
info@savelocalservices.com
www.SaveLocalServices.com

AGAINST

No on 22—Citizens Against Taxpayer Giveaways, sponsored by California Professional Firefighters.
Joshua Heller
1510 J Street, Suite 210
Sacramento, CA 95814
(916) 443-7817
www.votenoprop22.com

PROP 23 SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Fiscal Impact: Likely modest net increase in overall economic activity in the state from suspension of greenhouse gases regulatory activity, resulting in a potentially significant net increase in state and local revenues.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Certain existing and proposed regulations authorized under state law ("Assembly Bill 32") to address global warming would be suspended. These regulations would remain suspended until the state unemployment rate drops to 5.5 percent or lower for one year.

NO A NO vote on this measure means: The state could continue to implement the measures authorized under Assembly Bill 32 to address global warming.

ARGUMENTS

PRO Yes on 23 saves jobs, prevents energy tax increases, and helps families, while preserving California's clean air and water laws. California can't afford self-imposed energy costs that don't reduce global warming. 2.3 million Californians are unemployed; Proposition 23 will save over a million jobs that would otherwise be destroyed. www.yeson23.com

CON Texas oil companies designed 23 to kill clean energy and air pollution standards in California. 23 threatens public health with more air pollution, increases dependence on costly oil, and kills competition from job-creating California wind and solar companies. American Lung Association in California, California Professional Firefighters: NO on 23.

FOR ADDITIONAL INFORMATION

FOR

Yes on 23—A coalition of taxpayers, small business, firefighters, labor, agriculture, transportation, food producers, energy and forestry companies and air quality officials.
1215 K Street, Suite 2260
Sacramento, CA 95814
(866) 247-0911
info@yeson23.com
www.yeson23.com

AGAINST

No on 23: Californians to Stop the Dirty Energy Proposition
(888) 445-7880
info@factson23.com
Factson23.com

QUICK-REFERENCE GUIDE

PROP 24 REPEALS RECENT LEGISLATION THAT WOULD ALLOW BUSINESSES TO LOWER THEIR TAX LIABILITY. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Fiscal Impact: Increased state revenues of about $1.3 billion each year by 2012–13 from higher taxes paid by some businesses. Smaller increases in 2010–11 and 2011–12.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Three business tax provisions will return to what they were before 2008 and 2009 law changes. As a result: (1) a business will be less able to deduct losses in one year against income in other years, (2) a multistate business will have its California income determined by a calculation using three factors, and (3) a business will not be able to share tax credits with related businesses.

NO A NO vote on this measure means: Three business tax provisions that were recently changed will not be affected. As a result of maintaining current law: (1) a business will be able to deduct losses in one year against income in more situations, (2) most multistate businesses could choose to have their California income determined based only on a single sales factor, and (3) a business will be able to share its tax credits with related businesses.

ARGUMENTS

PRO Prop. 24 stops $1.7 billion in new special tax breaks for wealthy, multi-state corporations. They get unfair tax loopholes without creating one new job while small businesses get virtually no benefit. Public schools, healthcare and public safety should come before tax loopholes. Vote YES on 24—the Tax Fairness Act.

CON CALIFORNIA NEEDS JOBS, NOT A JOBS TAX! Prop. 24 doesn't guarantee $1 for our classrooms and REDUCES long-term revenues for schools and vital services. It would hurt small businesses, tax job creation, send jobs OUT of California—costing us 144,000 jobs. Families can't afford 24's new taxes. No on 24!

FOR ADDITIONAL INFORMATION

FOR

Yes on 24, the Tax Fairness Act sponsored by the California Teachers Association
Richard Stapler
1510 J Street, Suite 210
Sacramento, CA 95814
(916) 443-7817
www.YESPROP24.ORG

AGAINST

No on 24—Stop the Jobs Tax, a coalition of taxpayers, employers, small businesses, former educators and high tech and biotechnology organizations
111 Anza Boulevard, #406
Burlingame, CA 94010
(800) 610-4150
info@StopProp24.com
www.StopProp24.com

PROP 25 CHANGES LEGISLATIVE VOTE REQUIREMENT TO PASS BUDGET AND BUDGET-RELATED LEGISLATION FROM TWO-THIRDS TO A SIMPLE MAJORITY. RETAINS TWO-THIRDS VOTE REQUIREMENT FOR TAXES. INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by Petition Signatures

Legislature pemanently forfeits daily salary and expenses until budget bill passes. Fiscal Impact: In some years, the contents of the state budget could be changed due to the lower legislative vote requirement in this measure. The extent of changes would depend on the Legislature's future actions.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The Legislature's vote requirement to send the annual budget bill to the Governor would be lowered from two-thirds to a majority of each house of the Legislature.

NO A NO vote on this measure means: The Legislature's vote requirement to send an annual budget bill to the Governor would remain unchanged at two-thirds of each house of the Legislature.

ARGUMENTS

PRO Prop. 25 reforms California's broken state budget process. Holds legislators accountable for late budgets by stopping their pay and benefits every day the budget is late. Ends budget gridlock by allowing a majority of legislators to pass the budget, but DOES NOT LOWER THE 2/3 vote required to raise taxes.

CON Politicians and special interests are promoting Prop. 25 to make it easier for politicians to raise taxes and restrict our constitutional right to reject bad laws. 25 doesn't punish politicians. They'll just increase their lavish expense accounts. NO on 25—Protect constitutional safeguards against higher taxes and wasteful spending.

FOR ADDITIONAL INFORMATION

FOR

Yes on 25, Citizens for an On-Time Budget sponsored by teachers, nurses, firefighters and other public employee groups
Andrea Landis
1510 J Street, Suite 210
Sacramento, CA 95814
(916) 443-7817
www.YESPROP25.ORG

AGAINST

Stop Hidden Taxes—No on 25/Yes on 26, a coalition of taxpayers, small businesses, environmental experts, good government groups, minorities, farmers, and vineyards.
(866) 218-4450
info@nomorehiddentaxes.com
www.no25yes26.com

QUICK-REFERENCE GUIDE

PROP 26 REQUIRES THAT CERTAIN STATE AND LOCAL FEES BE APPROVED BY TWO-THIRDS VOTE. FEES INCLUDE THOSE THAT ADDRESS ADVERSE IMPACTS ON SOCIETY OR THE ENVIRONMENT CAUSED BY THE FEE-PAYER'S BUSINESS. INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by Petition Signatures

Fiscal Impact: Depending on decisions by governing bodies and voters, decreased state and local government revenues and spending (up to billions of dollars annually). Increased transportation spending and state General Fund costs ($1 billion annually).

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The definition of taxes would be broadened to include many payments currently considered to be fees or charges. As a result, more state and local proposals to increase revenues would require approval by two-thirds of each house of the Legislature or by local voters.

NO A NO vote on this measure means: Current constitutional requirements regarding fees and taxes would not be changed.

ARGUMENTS

PRO Yes on 26 stops state and local politicians from raising Hidden Taxes on goods like food and gas, by disguising taxes as "fees" and circumventing constitutional requirements for passing higher taxes. Don't be misled. 26 preserves California's strong environmental and consumer laws AND protects taxpayers and consumers from Hidden Taxes.

CON Big oil, tobacco, and alcohol corporations want you to pay for the damages they cause. Prop. 26 was written behind closed doors and without public input. Don't protect polluters. League of Women Voters of California, Firefighters, Police Officers, Nurses, and Sierra Club all say NO on 26.

FOR ADDITIONAL INFORMATION

FOR

Stop Hidden Taxes—No on 25/Yes on 26, a coalition of taxpayers, small businesses, environmental experts, good government groups, minorities, farmers, and vineyards.
(866) 218-4450
info@nomorehiddentaxes.com
www.no25yes26.com

AGAINST

Doug Linney
Taxpayers Against Protecting Polluters
1814 Franklin Street, Suite 510
Oakland, CA 94612
(510) 444-4710
stopprotectingpolluters@gmail.com
www.stoppolluterprotection.com

PROP 27 ELIMINATES STATE COMMISSION ON REDISTRICTING. CONSOLIDATES AUTHORITY FOR REDISTRICTING WITH ELECTED REPRESENTATIVES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Eliminates 14-member redistricting commission. Consolidates authority for establishing state Assembly, Senate, and Board of Equalization districts with elected representatives who draw congressional districts. Fiscal Impact: Possible reduction of state redistricting costs of around $1 million over the next year. Likely reduction of these costs of a few million dollars once every ten years beginning in 2020.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The responsibility to determine the boundaries of State Legislature and Board of Equalization districts would be returned to the Legislature. The Citizens Redistricting Commission, established by Proposition 11 in 2008 to perform this function, would be eliminated. (Proposition 20 on this ballot also concerns redistricting issues. If both Proposition 27 and Proposition 20 are approved by voters, the proposition receiving the greater number of "yes" votes would be the only one to go into effect.)

NO A NO vote on this measure means: The responsibility to determine the boundaries of Legislature and Board of Equalization districts would remain with the Citizens Redistricting Commission.

ARGUMENTS

PRO VOTE YES ON 27 TO SAVE TAXPAYER DOLLARS AND END NONSENSE REAPPORTIONMENT GAMES. California is in crisis. We are broke, deeply in debt, unemployment is far too high. Proposition 27 is the only chance for voters to say "Enough is enough! Stop wasting taxpayer dollars on nonsense." Yes on 27.

CON Politicians behind 27 want to repeal the voter-approved Citizens Redistricting Commission. They want the power to draw safe districts for themselves and will spend or say anything to get it back. Don't buy it. TAXPAYER GROUPS, GOOD GOVERNMENT GROUPS, SENIORS SAY STOP THE POWER GRAB: NO on 27.

FOR ADDITIONAL INFORMATION

FOR

Yes on 27
10940 Wilshire Boulevard, Suite 2000
Los Angeles, CA 90024
(310) 576-1233
www.yesprop27.org

AGAINST

Yes on 20, No on 27—Hold Politicians Accountable, a coalition of taxpayers, seniors, good government groups, small business and community organizations.
925 University Ave.
Sacramento, CA 95825
(866) 395-6121
email@yes20no27.org
www.noprop27.org

About Ballot Arguments

The Secretary of State's Office does not write ballot arguments. Arguments in favor of and against ballot measures are provided by the proponents and opponents of the ballot measures.

If multiple arguments are submitted for or against a measure, the law requires that first priority be given to arguments written by legislators in the case of legislative measures, and arguments written by the proponents of an initiative or referendum in the case of an initiative or referendum measure.

Subsequent priority for all measures goes to bona fide associations of citizens and then to individual voters. The submitted argument language cannot be verified for accuracy or changed in any way unless a court orders it to be changed.

Supplemental Voter Information

This Voter Information Guide is current as of the August date of printing. If any additional statewide measures qualify for the ballot, a supplemental Voter Information Guide will be prepared and mailed to you.

If you or someone you know does not receive a guide, you may view the information at *www.voterguide.sos.ca.gov* or request an additional copy by calling the Secretary of State's toll-free Voter Hotline at (800) 345-VOTE (8683). Copies are also available at your local library and county elections office. Copies of the state Voter Information Guide and your county sample ballot booklet also will be available at your polling place on Election Day.

About Initiatives

Often referred to as "direct democracy," the initiative process is the power of the people to place measures on a statewide ballot. These measures can either create or change laws and amend the constitution. If the initiative proposes to create or change California laws, proponents must gather petition signatures of registered voters equal in number to five percent of the votes cast for all candidates for Governor in the most recent gubernatorial election. If the initiative proposes to amend the California Constitution, proponents must gather petition signatures of registered voters equal in number to eight percent of the votes cast for all candidates for Governor in the most recent gubernatorial election. To be enacted, an initiative requires a simple majority of the total votes cast.

PROPOSITION

18

On August 10, 2010, the State Legislature and Governor removed Proposition 18 from the ballot.

PROP
18

On August 10, 2010, the State Legislature and Governor removed Proposition 18 from the ballot.

PROPOSITION 19

LEGALIZES MARIJUANA UNDER CALIFORNIA BUT NOT FEDERAL LAW. PERMITS LOCAL GOVERNMENTS TO REGULATE AND TAX COMMERCIAL PRODUCTION, DISTRIBUTION, AND SALE OF MARIJUANA. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

LEGALIZES MARIJUANA UNDER CALIFORNIA BUT NOT FEDERAL LAW. PERMITS LOCAL GOVERNMENTS TO REGULATE AND TAX COMMERCIAL PRODUCTION, DISTRIBUTION, AND SALE OF MARIJUANA. INITIATIVE STATUTE.

- Allows people 21 years old or older to possess, cultivate, or transport marijuana for personal use.
- Permits local governments to regulate and tax commercial production, distribution, and sale of marijuana to people 21 years old or older.
- Prohibits people from possessing marijuana on school grounds, using in public, or smoking it while minors are present.
- Maintains prohibitions against driving while impaired.
- Limits employers' ability to address marijuana use to situations where job performance is actually impaired.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- The fiscal effects of this measure could vary substantially depending on: (1) the extent to which the federal government continues to enforce federal marijuana laws and (2) whether the state and local governments choose to authorize, regulate, and tax various marijuana-related activities.
- Savings of potentially several tens of millions of dollars annually to the state and local governments on the costs of incarcerating and supervising certain marijuana offenders.
- Increase in state and local government tax and fee revenues, potentially in the hundreds of millions of dollars annually.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Federal Law. Federal laws classify marijuana as an illegal substance and provide criminal penalties for various activities relating to its use. These laws are enforced by federal agencies that may act independently or in cooperation with state and local law enforcement agencies.

State Law and Proposition 215. Under current state law, the possession, cultivation, or distribution of marijuana generally is illegal in California. Penalties for marijuana-related activities vary depending on the offense. For example, possession of less than one ounce of marijuana is a misdemeanor punishable by a fine, while selling marijuana is a felony and may result in a prison sentence.

In November 1996, voters approved Proposition 215, which legalized the cultivation and possession of marijuana in California for medical purposes. The U.S. Supreme Court ruled in 2005, however, that federal authorities could continue to prosecute California patients and providers engaged in the cultivation and use of marijuana for medical purposes. Despite having this authority, the U.S. Department of Justice announced in March 2009 that the current administration would not prosecute marijuana patients and providers whose actions are consistent with state medical marijuana laws.

PROPOSAL

This measure changes state law to (1) legalize the possession and cultivation of limited amounts of marijuana for personal use by individuals age 21 or older, and (2) authorize various commercial marijuana-related activities under certain conditions. Despite these changes to state law, these marijuana-related activities would continue to be prohibited under federal law. These federal prohibitions could still be enforced by federal agencies. It is not known to what extent the

federal government would continue to enforce them. Currently, no other state permits commercial marijuana-related activities for non-medical purposes.

State Legalization of Marijuana Possession and Cultivation for Personal Use

Under the measure, persons age 21 or older generally may (1) possess, process, share or transport up to one ounce of marijuana; (2) cultivate marijuana on private property in an area up to 25 square feet per private residence or parcel; (3) possess harvested and living marijuana plants cultivated in such an area; and (4) possess any items or equipment associated with the above activities. The possession and cultivation of marijuana must be solely for an individual's personal consumption and not for sale to others, and consumption of marijuana would only be permitted in a residence or other "non-public place." (One exception is that marijuana could be sold and consumed in licensed establishments, as discussed below.) The state and local governments could also authorize the possession and cultivation of larger amounts of marijuana.

State and local law enforcement agencies could not seize or destroy marijuana from persons in compliance with the measure. In addition, the measure states that no individual could be punished, fined, or discriminated against for engaging in any conduct permitted by the measure. However, it does specify that employers would retain existing rights to address consumption of marijuana that impairs an employee's job performance.

This measure sets forth some limits on marijuana possession and cultivation for personal use. For example, the smoking of marijuana in the presence of minors is not permitted. In addition, the measure would not change existing laws that prohibit driving under the influence of drugs or that prohibit possessing marijuana on the grounds of elementary, middle, and high schools. Moreover, a person age 21 or older who knowingly gave marijuana to a person age 18 through 20 could be sent to county jail for up to six months and fined up to $1,000 per offense. (The measure does not change existing criminal laws which impose penalties for adults who furnish marijuana to minors under the age of 18.)

Authorization of Commercial Marijuana Activities

The measure allows local governments to authorize, regulate, and tax various commercial marijuana-related activities. As discussed below, the state also could authorize, regulate, and tax such activities.

Regulation. The measure allows local governments to adopt ordinances and regulations regarding commercial marijuana-related activities—including marijuana cultivation, processing, distribution, transportation, and retail sales. For example, local governments could license establishments that could sell marijuana to persons 21 and older. Local governments could regulate the location, size, hours of operation, and signs and displays of such establishments. Individuals could transport marijuana from a licensed marijuana establishment in one locality to a licensed establishment in another locality, regardless of whether any localities in between permitted the commercial production and sale of marijuana. However, the measure does not permit the transportation of marijuana between California and another state or country. An individual who was licensed to sell marijuana to others in a commercial establishment and who negligently provided marijuana to a person under 21 would be banned from owning, operating, being employed by, assisting, or entering a licensed marijuana establishment for one year. Local governments could also impose additional penalties or civil fines on certain marijuana-related activities, such as for violation of a local ordinance limiting the hours of operation of a licensed marijuana establishment.

Whether or not local governments engaged in this regulation, the state could, on a statewide basis, regulate the commercial production of marijuana. The state could also authorize the production of hemp, a type of marijuana plant

For text of Proposition 19, see page 92.

that can be used to make products such as fabric and paper.

Taxation. The measure requires that licensed marijuana establishments pay all applicable federal, state, and local taxes and fees currently imposed on other similar businesses. In addition, the measure permits local governments to impose new general, excise, or transfer taxes, as well as benefit assessments and fees, on authorized marijuana-related activities. The purpose of such charges would be to raise revenue for local governments and/or to offset any costs associated with marijuana regulation. In addition, the state could impose similar charges.

FISCAL EFFECTS

Many of the provisions in this measure permit, but do not require, the state and local governments to take certain actions related to the regulation and taxation of marijuana. Thus, it is uncertain to what extent the state and local governments would in fact undertake such actions. For example, it is unknown how many local governments would choose to license establishments that would grow or sell marijuana or impose an excise tax on such sales.

In addition, although the federal government announced in March 2009 that it would no longer prosecute medical marijuana patients and providers whose actions are consistent with Proposition 215, it has continued to enforce its prohibitions on non-medical marijuana-related activities. This means that the federal government could prosecute individuals for activities that would be permitted under this measure. To the extent that the federal government continued to enforce its prohibitions on marijuana, it would have the effect of impeding the activities permitted by this measure under state law.

Thus, the revenue and expenditure impacts of this measure are subject to significant uncertainty.

Impacts on State and Local Expenditures

Reduction in State and Local Correctional Costs. The measure could result in savings to the state and local governments by reducing the number of marijuana offenders incarcerated in state prisons and county jails, as well as the number placed under county probation or state parole supervision. These savings could reach several tens of millions of dollars annually. The county jail savings would be offset to the extent that jail beds no longer needed for marijuana offenders were used for other criminals who are now being released early because of a lack of jail space.

Reduction in Court and Law Enforcement Costs. The measure would result in a reduction in state and local costs for enforcement of marijuana-related offenses and the handling of related criminal cases in the court system. However, it is likely that the state and local governments would redirect their resources to other law enforcement and court activities.

Other Fiscal Effects on State and Local Programs. The measure could also have fiscal effects on various other state and local programs. For example, the measure could result in an increase in the consumption of marijuana, potentially resulting in an unknown increase in the number of individuals seeking publicly funded substance abuse treatment and other medical services. This measure could also have fiscal effects on state- and locally funded drug treatment programs for criminal offenders, such as drug courts. Moreover, the measure could potentially reduce both the costs and offsetting revenues of the state's Medical Marijuana Program, a patient registry that identifies those individuals eligible under state law to legally purchase and consume marijuana for medical purposes.

Impacts on State and Local Revenues

The state and local governments could receive additional revenues from taxes, assessments, and fees from marijuana-related activities allowed under this measure. If the commercial production and sale of marijuana occurred in California, the state and local governments could receive revenues from a variety of sources in the ways described below.

- ***Existing Taxes.*** Businesses producing and selling marijuana would be subject to the same taxes as other businesses. For instance, the state and local governments would receive sales tax revenues from the sale of marijuana. Similarly, marijuana-related businesses with net income would pay income taxes to the state. To the extent that this business activity pulled in spending from persons in other states, the measure would result in a net increase in taxable economic activity in the state.
- ***New Taxes and Fees on Marijuana.*** As described above, local governments are allowed to impose taxes, fees, and assessments on marijuana-related activities. Similarly, the state could impose taxes and fees on these types of activities. (A portion of any new revenues from these sources would be offset by increased regulatory and enforcement costs related to the licensing and taxation of marijuana-related activities.)

As described earlier, both the enforcement decisions of the federal government and whether the state and local governments choose to regulate and tax marijuana would affect the impact of this measure. It is also unclear how the legalization of some marijuana-related activities would affect its overall level of usage and price, which in turn could affect the level of state or local revenues from these activities. Consequently, the magnitude of additional revenues is difficult to estimate. To the extent that a commercial marijuana industry developed in the state, however, we estimate that the state and local governments could eventually collect hundreds of millions of dollars annually in additional revenues.

For text of Proposition 19, see page 92.

PROP 19 LEGALIZES MARIJUANA UNDER CALIFORNIA BUT NOT FEDERAL LAW. PERMITS LOCAL GOVERNMENTS TO REGULATE AND TAX COMMERCIAL PRODUCTION, DISTRIBUTION, AND SALE OF MARIJUANA. INITIATIVE STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 19 ★

PROPOSITION 19: COMMON SENSE CONTROL OF MARIJUANA

Today, hundreds of millions of taxpayer dollars are spent enforcing the failed prohibition of marijuana (also known as "cannabis").

Currently, marijuana is easier for kids to get than alcohol, because dealers don't require ID.

Prohibition has created a violent criminal market run by international drug cartels.

Police waste millions of taxpayer dollars targeting non-violent marijuana consumers, while thousands of violent crimes go unsolved.

And there is $14 billion in marijuana sales every year in California, but our debt-ridden state gets nothing from it.

Marijuana prohibition has failed.

WE NEED A COMMON SENSE APPROACH TO CONTROL AND TAX MARIJUANA LIKE ALCOHOL.

Proposition 19 was carefully written to get marijuana under control.

Under Proposition 19, *only* adults 21 and over can possess up to one ounce of marijuana, to be consumed at home or licensed establishments. Medical marijuana patients' rights are preserved.

If we can control and tax alcohol, we can control and tax marijuana.

PUT STRICT SAFETY CONTROLS ON MARIJUANA

Proposition 19 maintains strict criminal penalties for driving under the influence, increases penalties for providing marijuana to minors, and bans smoking it in public, on school grounds, and around minors.

Proposition 19 keeps workplaces safe, by preserving the right of employers to maintain a drug-free workplace.

PUT POLICE PRIORITIES WHERE THEY BELONG

According to the FBI, in 2008 over 61,000 Californians were arrested for misdemeanor marijuana possession, while 60,000 violent crimes went unsolved. By ending arrests of non-violent marijuana consumers, police will save hundreds of millions of taxpayer dollars a year, and be able to focus on the real threat: violent crime.

Police, Sheriffs, and Judges support Proposition 19.

HELP FIGHT THE DRUG CARTELS

Marijuana prohibition has created vicious drug cartels across our border. In 2008 alone, cartels murdered 6,290 civilians in Mexico—more than all U.S. troops killed in Iraq and Afghanistan combined.

60 percent of drug cartel revenue comes from the illegal U.S. marijuana market.

By controlling marijuana, Proposition 19 will help cut off funding to the cartels.

GENERATE BILLIONS IN REVENUE TO FUND WHAT MATTERS

California faces historic deficits, which, if state government doesn't balance the budget, could lead to higher taxes and fees for the public, and more cuts to vital services. Meanwhile, there is $14 billion in marijuana transactions every year in California, but we see none of the revenue that would come from taxing it.

Proposition 19 enables state and local governments to tax marijuana, so we can preserve vital services.

The State's tax collector, the Board of Equalization, says taxing marijuana would generate $1.4 billion in annual revenue, which could fund jobs, healthcare, public safety, parks, roads, transportation, and more.

LET'S REFORM CALIFORNIA'S MARIJUANA LAWS

Outlawing marijuana hasn't stopped 100 million Americans from trying it. But we *can* control it, make it harder for kids to get, weaken the cartels, focus police resources on violent crime, and generate billions in revenue and savings.

We need a common sense approach to control marijuana.

YES on 19.

www.taxcannabis.org

JOSEPH D. McNAMARA, San Jose Police Chief (Ret.)
JAMES P. GRAY, Orange County Superior Court Judge (Ret.)
STEPHEN DOWNING, Deputy Chief (Ret.)
Los Angeles Police Department

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 19 ★

As California public safety leaders, we agree that Proposition 19 is flawed public policy and would compromise the safety of our roadways, workplaces, and communities. Before voting on this proposition, please take a few minutes to read it.

Proponents claim, "Proposition 19 maintains strict criminal penalties for driving under the influence." That statement is false. In fact, Proposition 19 gives drivers the "right" to use marijuana right up to the point when they climb behind the wheel, but unlike as with drunk driving, Proposition 19 fails to provide the Highway Patrol with any tests or objective standards for determining what constitutes "driving under the influence." That's why Mothers Against Drunk Driving (MADD) strongly opposes Proposition 19.

Proponents claim Proposition 19 is "preserving the right of employers to maintain a drug-free workplace." This is also false. According to the California Chamber of Commerce, the facts are that Proposition 19 creates special rights for employees to possess marijuana on the job, and that means no company in California can meet federal drug-free workplace standards, or qualify for federal contracts. The California State Firefighters Association warns this one drafting mistake alone could cost thousands of Californians to lose their jobs.

Again, contrary to what proponents say, the statewide organizations representing police, sheriffs and drug court judges are all urging you to vote "No" on Proposition 19. Passage of Proposition 19 seriously compromises the safety of our communities, roadways, and workplaces.

STEVE COOLEY, District Attorney
Los Angeles County
KAMALA HARRIS, District Attorney
San Francisco County
KEVIN NIDA, President
California State Firefighters Association

PROP 19 LEGALIZES MARIJUANA UNDER CALIFORNIA BUT NOT FEDERAL LAW. PERMITS LOCAL GOVERNMENTS TO REGULATE AND TAX COMMERCIAL PRODUCTION, DISTRIBUTION, AND SALE OF MARIJUANA. INITIATIVE STATUTE.

★ ARGUMENT AGAINST PROPOSITION 19 ★

Even if you support legalization of recreational marijuana, you should vote "No" on Proposition 19.

Why? Because the authors made several huge mistakes in writing this initiative which will have severe, unintended consequences.

For example, Mothers Against Drunk Driving (MADD) strongly opposes Proposition 19 because it will prevent bus and trucking companies from requiring their drivers to be drug-free. Companies won't be able to take action against a "stoned" driver until after he or she has a wreck, not before.

School districts may currently require school bus drivers to be drug-free, but if Proposition 19 passes, their hands will be tied—until after tragedy strikes. A school bus driver would be forbidden to smoke marijuana on schools grounds or while actually behind the wheel, but could arrive for work with marijuana in his or her system.

Public school superintendent John Snavely, Ed.D. warns that Proposition 19 could cost our K–12 schools as much as $9.4 billion in lost federal funding. Another error could potentially cost schools hundreds of millions of dollars in federal grants for our colleges and universities. Our schools have already experienced severe budget cuts due to the state budget crisis.

The California Chamber of Commerce found that "if passed, this initiative could result in employers losing public contracts and grants because they could no longer effectively enforce the drug-free workplace requirements outlined by the federal government."

Employers who permit employees to sell cosmetics or school candy bars to co-workers in the office, may now also be required to allow any employee with a "license" to sell marijuana in the office.

Under current law, if a worker shows up smelling of alcohol or marijuana, an employer may remove the employee from a dangerous or sensitive job, such as running medical lab tests in a hospital, or operating heavy equipment. But if Proposition 19 passes, the worker with marijuana in his or her system may not be removed from the job until after an accident occurs.

The California Police Chiefs Association opposes Proposition 19 because proponents "forgot" to include a standard for what constitutes "driving under the influence." Under Proposition 19, a driver may legally drive even if a blood test shows they have marijuana in their system.

Gubernatorial candidates Republican Meg Whitman and Democrat Jerry Brown have both studied Proposition 19 and are urging all Californians to vote "No," as are Democratic and Republican candidates for Attorney General, Kamala Harris and Steve Cooley.

Don't be fooled. The proponents are hoping you will think Proposition 19 is about "medical" marijuana. It is not. Proposition 19 makes no changes either way in the medical marijuana laws.

Proposition 19 is simply a jumbled legal nightmare that will make our highways, our workplaces and our communities less safe. We strongly urge you to vote "No" on Prop. 19.

DIANNE FEINSTEIN, United States Senator
LAURA DEAN-MOONEY, National President
Mothers Against Drunk Driving

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 19 ★

THE CHOICE IS CLEAR: REAL CONTROL OF MARIJUANA, OR MORE OF THE SAME

Let's be honest. Our marijuana laws have failed. Rather than accepting things as they are, we can control marijuana.

Like the prohibition of alcohol in the past, outlawing marijuana hasn't worked. It's created a criminal market run by violent drug cartels, wasted police resources, and drained our state and local budgets. Proposition 19 is a more honest policy, and a common sense solution to these problems. Proposition 19 will control marijuana like alcohol, making it available *only* to adults, enforce strong driving and workplace safety laws, put police priorities where they belong, and generate billions in needed revenue.

THE CHOICE IS CLEAR: REAL CONTROL OF MARIJUANA, OR MORE OF THE SAME

We can make it harder for kids to get marijuana, or we can accept the status quo, where marijuana is easier for kids to get than alcohol.

We can let police prevent violent crime, or we can accept the status quo, and keep wasting resources sending tens of thousands of non-violent marijuana consumers—a disproportionate number who are minorities—to jail.

We can control marijuana to weaken the drug cartels, or we can accept the status quo, and continue to fund violent gangs with illegal marijuana sales in California.

We can tax marijuana to generate billions for vital services, or we can accept the status quo, and turn our backs on this needed revenue.

THE CHOICE IS CLEAR
Vote Yes on 19.

JOYCELYN ELDERS, United States Surgeon General (Ret.)
ALICE A. HUFFMAN, President
California NAACP
DAVID DODDRIDGE, Narcotics Detective (Ret.)
Los Angeles Police Department

PROPOSITION
20 REDISTRICTING OF CONGRESSIONAL DISTRICTS. INITIATIVE CONSTITUTIONAL AMENDMENT.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

REDISTRICTING OF CONGRESSIONAL DISTRICTS. INITIATIVE CONSTITUTIONAL AMENDMENT.

- Removes elected representatives from the process of establishing congressional districts and transfers that authority to the recently-authorized 14-member redistricting commission.
- Redistricting commission is comprised of five Democrats, five Republicans, and four voters registered with neither party.
- Requires that any newly-proposed district lines be approved by nine commissioners including three Democrats, three Republicans, and three from neither party.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- No significant net change in state redistricting costs.

ANALYSIS BY THE LEGISLATIVE ANALYST

This measure takes the responsibility to determine boundaries for California's congressional districts away from the State Legislature. Instead, the commission recently established by voters to draw district boundaries of state offices would determine the boundaries of congressional districts.

BACKGROUND

In a process known as "redistricting," the State Constitution requires that the state adjust the boundary lines of districts once every ten years following the federal census for the State Assembly, State Senate, State Board of Equalization (BOE), and California's congressional districts for the U.S. House of Representatives. To comply with federal law, redistricting must establish districts which are roughly equal in population.

Recent Changes to State Legislature and BOE Redistricting. In the past, district boundaries for all of the offices listed above were determined in bills that became law after they were approved by the Legislature and signed by the Governor. On some occasions, when the Legislature and the Governor were unable to agree on redistricting plans, the California Supreme Court performed the redistricting.

In November 2008, voters passed Proposition 11, which created the Citizens Redistricting Commission to establish new district boundaries for the State Assembly, State Senate, and BOE beginning after the 2010 census. To be established once every ten years, the commission will consist of 14 registered voters—5 Democrats, 5 Republicans, and 4 others—who apply for the position and are chosen according to specified rules.

When the commission sets district boundaries, it must meet the requirements of federal law and other requirements, such as not favoring or discriminating against political parties, incumbents, or political candidates. In addition, the commission is required, to the extent possible, to adopt district boundaries that:

- Maintain the geographic integrity of any city, county, neighborhood, and "community of interest" in a single district. (The commission is responsible for defining "communities of interest" for its redistricting activities.)
- Develop geographically compact districts.
- Place two Assembly districts together within one Senate district and place ten Senate districts together within one BOE district.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Current Congressional Redistricting Process. Currently, California is entitled to 53 of the 435 seats in the U.S. House of Representatives. Proposition 11 did not change the redistricting process for these 53 congressional seats. Currently, therefore, redistricting plans for congressional seats are included in bills that are approved by the Legislature.

Proposition 11, however, did make some changes to the requirements that the Legislature must meet in drawing congressional districts. The Legislature—like the commission—now must attempt to draw geographically compact districts and maintain geographic integrity of localities, neighborhoods, and communities of interest, as defined by the Legislature. Proposition 11, however, does not prohibit the Legislature from favoring or discriminating against political parties, incumbents, or political candidates when drawing congressional districts.

PROPOSAL

Proposed New Method for Congressional Redistricting. This measure amends the Constitution to change the redistricting process for California's districts in the U.S. House of Representatives. Specifically, the measure removes the authority for congressional redistricting from the Legislature and instead gives this authority to the Citizens Redistricting Commission. The commission would draw congressional districts essentially as it draws other district lines under Proposition 11. The commission, for example, could not draw congressional districts in order to favor incumbents, political candidates, or political parties. The commission also is to consider the geographic integrity of cities, counties, neighborhoods, and communities of interest. As under Proposition 11, compliance with federal law would be required.

"Community of Interest" Defined. In addition to adding similar criteria for congressional redistricting as those established in Proposition 11, the measure defines a "community of interest" for both congressional redistricting and redistricting of State Assembly, State Senate, and BOE seats. A community of interest is defined as "a contiguous population which shares common social and economic interests that should be included within a single district for purposes of its effective and fair representation."

Two Redistricting-Related Measures on This Ballot. In addition to this measure, another measure on the November 2010 ballot—Proposition 27—concerns redistricting issues. Key provisions of these two propositions, as well as current law, are summarized in Figure 1. If both of these measures are approved by voters, the proposition receiving the greater number of "yes" votes would be the only one to go into effect.

For text of Proposition 20, see page 95.

Figure 1

Comparing Key Provisions of Current Law and November 2010 Propositions on the Drawing of Political Districts

	Current Law	Proposition 20	Proposition 27
Entity that draws State Assembly, State Senate, and Board of Equalization (BOE) districts	Citizens Redistricting Commission [a]	Citizens Redistricting Commission	Legislature
Entity that draws California's congressional districts	Legislature	Citizens Redistricting Commission	Legislature
Definition of a "community of interest" [b]	Defined by Citizens Redistricting Commission/Legislature	"A contiguous population which shares common social and economic interests that should be included within a single district for purposes of its effective and fair representation"	Determined by the Legislature

[a] The commission was established by Proposition 11 of 2008.

[b] Under current law and both Proposition 20 and Proposition 27, redistricting entities generally are charged with attempting to hold together a "community of interest" within a district.

FISCAL EFFECTS

Redistricting Costs Prior to Proposition 11 and Under Current Law. The Legislature spent about $3 million in 2001 from its own budget specifically for redistricting activities, such as the purchase of specialized redistricting software and equipment. In addition to these costs, some regular legislative staff members, facilities, and equipment (which are used to support other day-to-day activities of the Legislature) were used temporarily for redistricting efforts.

In 2009, under the Proposition 11 process, the Legislature approved $3 million from the state's General Fund for redistricting activities related to the 2010 census. In addition, about $3 million has been spent from another state fund to support the application and selection process for commission members. For future redistricting efforts, Proposition 11 requires the commission process to be funded at least at the prior decade's level grown for inflation. The Legislature currently funds congressional redistricting activities within its budget.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Redistricting Costs Under This Proposal. This measure would consolidate all redistricting activity under the Citizens Redistricting Commission process established by Proposition 11 in 2008. The commission would experience increased costs from handling congressional redistricting activities. These costs, however, would be offset by a reduction in the Legislature's redistricting costs. Any net change in future redistricting costs under this measure probably would not be significant.

For text of Proposition 20, see page 95.

PROP 20 REDISTRICTING OF CONGRESSIONAL DISTRICTS. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT IN FAVOR OF PROPOSITION 20 ★

Proposition 20 will put an end to legislators drawing election districts for their friends in Congress—districts that virtually guarantee Members of Congress get reelected even when they don't listen to voters.

Proposition 20 will create fair congressional districts that make our congressional representatives more accountable to voters and make it easier to vote them out of office when they don't do their jobs.

Proposition 20 simply extends the redistricting reforms voters passed in 2008 (Prop. 11) so the voter-approved independent Citizens Redistricting Commission, instead of politicians, draws California congressional districts in addition to drawing state legislative districts.

The Commission is already being organized to draw fair districts. Visit the official state site to see preparations for the Citizens Redistricting Commission's redistricting in 2011 (*www.wedrawthelines.ca.gov*).

Proposition 20 will:

- Create fair congressional districts.
- Help make our congressional representatives more accountable and responsive to voters.
- Make it easier to vote Members of Congress out of office if they're not doing their jobs.

YES ON PROPOSITION 20: STOP THE BACKROOM DEALS

Right now, legislators and their paid consultants draw districts behind closed doors to guarantee their friends in Congress are reelected. Sacramento politicians pick the voters for their friends in Congress, rather than voters choosing who will represent them.

The Los Angeles Times and Orange County Register revealed that in the last redistricting, 32 Members of Congress and other politicians paid one political consultant over ONE MILLION dollars to draw district boundaries to guarantee their reelection!

Proposition 20 puts an end to backroom deals by ensuring redistricting is completely open to the public and transparent. Proposition 20 means no secret meetings or payments are allowed and politicians can't divide communities just to get the political outcome they want.

YES ON PROPOSITION 20: HOLD POLITICIANS ACCOUNTABLE

When politicians are guaranteed reelection, they have little incentive to work together to solve the serious problems we all face.

Proposition 20 will create fair districts so politicians will actually have to work for our votes and respond to voter needs.

"When voters can finally hold politicians accountable, politicians will have to quit playing games and work to address the serious challenges Californians face."—Ruben Guerra, Latin Business Association

The choice is simple:

GOOD GOVERNMENT GROUPS ASK YOU TO VOTE "YES" ON PROPOSITION 20 to force politicians to compete in fair districts so we can hold them accountable.

POLITICIANS WANT YOU TO VOTE "NO" ON PROPOSITION 20 so they can stifle voters' voices so we can't hold them accountable.

It's time we stand up to the politicians and special interests and extend voter-approved redistricting reforms to include Congress.

Voters already created the Commission—it's common sense to have the Commission draw congressional as well as legislative districts.

"People from every walk of life support Proposition 20 to send a message to politicians that it's time to put voters in charge and get California back on track."—Joni Low, Asian Business Association of San Diego

JOIN US IN VOTING YES ON PROPOSITION 20.
YesProp20.org

DAVID PACHECO, California President
AARP

KATHAY FENG, Executive Director
California Common Cause

JOHN KABATECK, Executive Director
National Federation of Independent Business/California

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 20 ★

DON'T BE FOOLED—NO ON PROPOSITION 20—IT WASTES TAXPAYER DOLLARS

Perhaps Charles Munger, Junior, the sole bankroller of Prop. 20, has fooled well-meaning David Pacheco, Kathay Feng, and John Kabateck. But don't let him fool you.

Prop. 20 guarantees no level of fairness, guarantees no competitive districts, guarantees nothing—except that voters cannot hold those who draw congressional district lines accountable for what they do *AND THAT YOU, THE TAXPAYER, WILL FOOT THE BILL FOR MUNGER'S SCHEME.*

Accountability to the people is the fundamental principle of our form of government. But Prop. 20 gives a non-accountable 14-person bureaucracy even more power over the people. And, of course, this bureaucracy will cost you money.

Proponents have stated (unknowingly) the most obvious reason to vote No on 20: BELIEVE IT OR NOT, these people want to extend the travesty of the existing redistricting commission even further! Who, other than a handful of lobbyists, lawyers, and politicians has been able to figure out the incredibly complicated labyrinth for choosing the commission?

And the bureaucrats who emerge from this wasteful inscrutable process will have absolute power over our legislative districts. VOTERS WILL NEVER HAVE A CHANCE TO HOLD THEM RESPONSIBLE FOR WHAT THEY DO.

Our state is in crisis! Unemployment, crime, massive debt. It is time to stop nonsense political games of reapportionment.

Save taxpayer dollars, hold the power brokers accountable to the people. Vote No on Proposition 20. Vote Yes on its rival, Proposition 27.

MARK MURRAY, Executive Director
Californians Against Waste

HANK LACAYO, President
Congress of California Seniors

DANIEL H. LOWENSTEIN, Founding Chairman
California Fair Political Practices Commission

PROP 20 REDISTRICTING OF CONGRESSIONAL DISTRICTS. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT AGAINST PROPOSITION 20 ★

NO ON 20—it wastes taxpayer dollars and it turns back the clock on redistricting law. Proposition 20 is a disaster . . . it must be defeated.

NO ON PROPOSITION 20—IT WASTES TAXPAYER DOLLARS:

20 is the brainchild of Charles Munger, Jr.—son of multi-billionaire Wall Street tycoon Charles Munger. MUNGER JUNIOR IS THE SOLE BANK-ROLLER OF 20. (Well, four other contributors have given all of $700.) But just for its qualification, MUNGER GAVE $3.3 MILLION, a figure that will probably multiply many times by Election Day.

But if Proposition 20 passes, the taxpayers will start paying the bills instead of Munger Junior. Prop. 20 will cost us millions of dollars. Compare Prop. 20 with its rival, Prop. 27.

First, non-partisan experts have concluded that YES ON PROP. 27 saves taxpayer dollars:

"Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: LIKELY DECREASE IN STATE REDISTRICTING COSTS TOTALING SEVERAL MILLION DOLLARS EVERY TEN YEARS."

Second, Prop. 20 adds to the cascade of waste that Prop. 27 would avoid. Governor Schwarzenegger has already proposed going back to the well to *double* the redistricting budget, spending MILLIONS MORE DOLLARS to draw lines for politicians while the state is facing a $19 billion deficit.

AND NOW WITH PROP. 20, MUNGER JUNIOR WANTS TO MAKE THIS WASTEFUL BUREAUCRACY SPRAWL EVEN FURTHER AT THE EXTRA EXPENSE OF YOU, THE TAXPAYER.

NO ON PROPOSITION 20—IT MANDATES JIM CROW ECONOMIC DISTRICTS:

Proposition 20 turns back the clock on redistricting law. Inexplicably, Proposition 20 mandates that all districts (including Assembly, Senate, and Congress) must be segregated by income level. This pernicious Prop. 20 mandates that all districts be segregated according to "similar living standards" and that districts include only people "with similar work opportunities."

"Prop. 20 is insulting to all Californians. Jim Crow districts are a thing of the past. 20 sets back the clock on redistricting law. No on 20."—Julian Bond, Chairman Emeritus, NAACP

Jim Crow districts are a throwback to an awful bygone era. Districting by race, by class, by lifestyle or by wealth is unacceptable. Munger Junior may not want to live in the same district as his chauffeur, but Californians understand these code words. The days of "country club members only" districts or of "poor people only" districts are over. NO ON PROP. 20—all Californians MUST be treated equally.

OUR DEMOCRATIC REPUBLIC IS NOT A TOY TO BE PLAYED WITH FOR THE SELF-AGGRANDIZEMENT OF THE IDLE SECOND-GENERATION RICH.

NO ON 20, YES ON 27.

DANIEL H. LOWENSTEIN, Founding Chairman
California Fair Political Practices Commission

AUBRY L. STONE, President
California Black Chamber of Commerce

CARL POPE, Chairman
Sierra Club

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 20 ★

The argument against Proposition 20 is one of the most angry and over-the-top you'll ever see in the Voter Guide.

THE POLITICIANS BEHIND IT SHOULD BE ASHAMED.

They're desperate because voters can pass Proposition 20 and stop Sacramento politicians from drawing election districts to ensure their friends in Congress are reelected, even when they don't listen to voters.

That's a threat to them. Politicians will say anything to protect their "safe" seats in Congress so they're not accountable to voters.

DON'T BE MISLED BY THE POLITICIANS' BOGUS "COST" ARGUMENT.

FACT: The non-partisan state Legislative Analyst found Prop. 20 will result in "probably no significant change in redistricting costs." Cal-Tax and other taxpayer groups support 20.

HERE'S WHY PASSING PROPOSITION 20 IS SO IMPORTANT:

FACT: In the last redistricting, Latino leaders sued after a California Congressman had 170,000 Latinos carved out of his district just to ensure he'd get reelected. Now he's leading the charge against 20!

FACT: Politicians want to defeat 20 so they can keep drawing districts that divide communities, cities and counties and dilute voters' voices—just to get safe seats.

FACT: 20 will finally put an end to the politicians' self-serving, backroom deals.

FACT: With 20, the voter-approved Citizens Redistricting Commission will draw fair congressional districts in a completely transparent manner, giving voters power to hold politicians accountable.

The California Black Chamber of Commerce, Latin Business Association, Asian Pacific Islander American Public Affairs Association all say YES on 20!

Check it out for yourself: www.YesProp20.org

ALICE HUFFMAN, President
California NAACP

JULIAN CANETE, Executive Director
California Hispanic Chambers of Commerce

RICHARD RIDER, Chairman
San Diego Tax Fighters

PROPOSITION

21 ESTABLISHES $18 ANNUAL VEHICLE LICENSE SURCHARGE TO HELP FUND STATE PARKS AND WILDLIFE PROGRAMS. GRANTS SURCHARGED VEHICLES FREE ADMISSION TO ALL STATE PARKS. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

ESTABLISHES $18 ANNUAL VEHICLE LICENSE SURCHARGE TO HELP FUND STATE PARKS AND WILDLIFE PROGRAMS. GRANTS SURCHARGED VEHICLES FREE ADMISSION TO ALL STATE PARKS. INITIATIVE STATUTE.

- Requires deposit of surcharge revenue in a new trust fund and requires that trust funds be used solely to operate, maintain and repair state parks and to protect wildlife and natural resources.
- Exempts commercial vehicles, trailers and trailer coaches from the surcharge.
- Requires annual audit by the State Auditor and review by a citizens oversight committee.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased state revenues of about $500 million annually from an annual surcharge on vehicle registrations.
- New revenues would be used to offset about $50 million loss of park day-use fee revenues, and could be used to replace up to $200 million annually from existing state funds currently spent on state parks and wildlife conservation programs.
- **Increased funding for state parks and wildlife conservation of at least $250 million annually.**

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

The State Park System and State Wildlife Conservation Agencies. California has 278 state parks, of which 246 are operated and maintained by the California Department of Parks and Recreation (DPR) and 32 by local entities. Other state departments, such as the Department of Fish and Game (DFG) and various state conservancies, own and maintain other lands for wildlife conservation purposes. The State Wildlife Conservation Board acquires property and provides grants for property acquisition to state and local entities for wildlife conservation purposes. The Ocean Protection Council is a state agency responsible for coordinating state activities to protect ocean resources.

Funding for State Parks and Wildlife Conservation. Over the last five years, state funding for the operation of state parks has been around $300 million annually. Of this amount, about $150 million has come from the General Fund, with the balance coming largely from park user fees (such as admission, camping, and other use fees) and state gasoline tax revenues. The development of new state parks and capital improvements to existing parks are largely funded from bond funds that have been approved in the past by voters. There is a significant backlog of maintenance projects in state parks, which have no dedicated annual funding source. The DPR also administers grant programs for local parks, funded largely through bond funds.

Wildlife conservation programs in various other state departments, such as DFG, are funded through a combination of the General Fund, regulatory fees, and bond funds. State funding for wildlife conservation program operations is around $100 million per year. Bond funds are the primary funding source for land acquisitions and other capital projects for wildlife conservation purposes.

Annual Vehicle Registration Fees. The state collects a number of charges annually when a person registers a vehicle. The Department of Motor Vehicles (DMV) collects these revenues on behalf of the state.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

PROPOSAL

Imposition of an $18 Surcharge on Vehicle Registrations. This measure places an $18 annual surcharge on all vehicles registered on or after January 1, 2011, except for commercial vehicles, trailers, and trailer coaches. The surcharge would be collected when annual vehicle registration fees are paid. These surcharge revenues would be deposited into the newly created State Parks and Wildlife Conservation Trust Fund. The measure expressly prohibits these funds from being used for purposes other than state parks and wildlife conservation.

Free Day-Use Entry to All State Parks for Surcharge Payers. Typically, most state parks charge a vehicle day-use fee that covers entry into the park and parking. Currently, this single fee is in the range of $5 to $15 per day depending on the park and the time of year. Under this measure, all California vehicles subject to the surcharge would have free vehicle admission, parking, and day-use at all units of the state parks system, including state parks currently operated by local entities, as well as to other specified state lands and wildlife areas. State parks would still be able to charge fees for camping, tours, and other activities.

Allocation of Funds. This measure allows up to 1 percent of the revenues deposited into the trust fund to be used for certain administrative and oversight activities, discussed further below. The remaining funds in the trust fund would be allocated each year, upon appropriation by the Legislature, to various park and wildlife conservation-related programmatic purposes. As shown in Figure 1, these surcharge revenues would be allocated as follows:

- ***Operations, Maintenance, and Development of State Parks.*** Eighty-five percent of the funds would be allocated to DPR for the operations, maintenance, and

Figure 1

Proposition 21: Allocation of Surcharge Revenues Among State Parks and Wildlife Programs

(In Millions)

Purpose	Allocation	Estimate of Annual Funding
Operations, Maintenance, and Development of State Parks:		
• General state park funding	76%	$375
• Grants to local agencies for lost fee revenue	5	25
• Grants for urban river parkways	4	20
Subtotals	(85%)	($420)
Wildlife Conservation Activities:		
• Management and operation of Department of Fish and Game lands	7%	$35
• Ocean Protection Council	4	20
• State land conservancies	2	10
• Wildlife Conservation Fund	2	10
Subtotals	(15%)	($75)
Totals, Allocations to State Parks and Wildlife Programs	**100%**	**$495**
Administration and Oversight[a]	—	$5
Total Allocations		**$500**

[a] One percent of total revenues from the surcharge would be allocated for administration costs in the Department of Motor Vehicles, the Bureau of State Audits, and the Natural Resources Agency.

For text of Proposition 21, see page 97.

development of the state parks system. From this amount, the department would award grants to local entities to replace the loss of day-use fees at locally operated state park units. (As we discuss below, some fee revenues would no longer be collected because this measure would now allow certain vehicles free access to these parks.) From this amount, the department would also provide grants to public agencies for urban river parkways to provide recreational benefits to underserved urban communities. The measure requires DPR to develop a strategic plan to improve access to the state parks system for underserved groups and regions of the state.

- ***Management and Operation of DFG Lands.*** Seven percent of the funds would be allocated to DFG for the management and operation of wildlife refuges, ecological reserves, and other DFG lands.
- ***Other Wildlife Conservation Activities.*** Additional funds would be allocated to other wildlife conservation activities, in some cases for state-operated programs but in other cases for grants to local agencies. Four percent would be allocated to the Ocean Protection Council, 2 percent to state conservancies, and 2 percent to the Wildlife Conservation Board.

Administration and Oversight. As discussed above, this measure allows for up to 1 percent of annual revenues to be used for collection, administration, auditing, and oversight of the trust fund. The DMV would collect the surcharge and would deposit it into the trust fund. The measure requires the State Auditor to conduct annual audits of expenditures from the fund to be reported to the Legislature and made publicly available. It also directs the Secretary for Natural Resources to establish a Citizens Oversight Committee that would review the audits and issue reports on how the measure is being implemented and its effectiveness in protecting state parks and natural resources.

FISCAL EFFECTS

New State Revenues. The $18 surcharge established by this measure would generate about $500 million in revenues annually for the trust fund. This amount would grow in line with any increases in the number of annual vehicle registrations.

Net Increase in Funding for State Parks and Wildlife Conservation. The $500 million in annual revenues from the $18 surcharge is a new source of funds for state parks and wildlife conservation. However, not all of these monies would have to be used to expand programs and carry out new projects. A portion of these new revenues could be used instead to take the place of existing funds, such as monies from the General Fund, currently used for the support of parks and wildlife conservation activities. The savings to the General Fund and other special funds could be as much as $200 million annually. Also, since all California vehicles subject to the surcharge would receive free day-use entry to state parks, revenues from day-use fees at state parks (including those operated by local governments) would decline by an estimated $50 million annually.

Accounting for all of these factors, the *net* increase in funding for state parks and wildlife conservation programs would probably be at least $250 million annually. A majority of this amount would go to state parks and could be used to address the significant deferred maintenance in state parks or to develop and enhance existing park programs. The remainder of the new funding would be available to enhance the management of state lands for wildlife conservation purposes and for new wildlife habitat restoration projects (for example, marine habitat protection).

ANALYSIS BY THE LEGISLATIVE ANALYST **CONTINUED**

In addition, state parks may receive additional revenues from other types of park fees, such as from tours, camping, and park concessions. That is because the elimination under this measure of day-use fees would result in a larger number of visits to park facilities.

For text of Proposition 21, see page 97.

PROP 21 ESTABLISHES $18 ANNUAL VEHICLE LICENSE SURCHARGE TO HELP FUND STATE PARKS AND WILDLIFE PROGRAMS. GRANTS SURCHARGED VEHICLES FREE ADMISSION TO ALL STATE PARKS. INITIATIVE STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 21 ★

CALIFORNIA'S STATE PARKS AND BEACHES ARE IN PERIL.

Sacramento politicians have repeatedly cut funding for California's state parks and beaches in every region of our state. Parks and wildlife are now at immediate risk.

150 state parks were closed part-time or suffered deep service reductions during the past year. Our park facilities are poorly maintained, unsanitary and falling apart.

With no reliable funding, state parks have accumulated a backlog of more than $1 billion in maintenance and repairs. Cuts in ranger and lifeguard positions have reduced safety and increased crime. The National Trust for Historic Preservation named California state parks among the 11 most endangered places in America.

PROP. 21 KEEPS STATE PARKS AND BEACHES OPEN, WELL-MAINTAINED AND SAFE.

Prop. 21 gives California vehicles free day-use admission to state parks and beaches by establishing a new $18 vehicle license fee, paid just once a year, that's solely dedicated to state parks and wildlife conservation. This immediately-needed and dedicated funding source will prevent the shutdown of our parks and beaches and ensure they are properly maintained and safe for public use.

PROP. 21 PROTECTS JOBS AND BOOSTS CALIFORNIA'S ECONOMY.

California's state parks receive more than 80 million visits from residents and tourists every year, supporting tens of thousands of jobs and generating billions in business and tax revenues for nearby communities and our state. By keeping parks open, Prop. 21 preserves very important jobs and revenues.

PROP. 21 PROTECTS IRREPLACEABLE NATURAL AREAS, OCEAN AND WILDLIFE HABITATS.

In addition to keeping our state parks and beaches open and safe, Prop. 21 provides essential funding for wildlife and ocean conservation programs, helping preserve natural areas and improve the state's air and water quality.

PROP. 21 CREATES A TRUST FUND FOR PARKS THAT POLITICIANS CAN'T TOUCH.

Prop. 21 contains tough fiscal and accountability safeguards to protect the voters' investment, including a Citizen's Oversight Committee and annual audits. The revenues will go into a special Trust Fund specifically dedicated to the operation and maintenance of state parks and beaches, the protection and safety of visitors, and the preservation of natural areas and wildlife. Under Prop. 21, the money in this Trust Fund cannot be redirected by politicians to their pet projects.

PROP. 21 PRESERVES CALIFORNIA'S PARKS AS A LEGACY FOR OUR CHILDREN AND GRANDCHILDREN.

Our state parks and beaches—and the forests, wildlife, and historic and natural resources they protect—are part of what makes California unique. If we allow them to be degraded or shut down, they cannot be replaced.

Prop. 21 will keep state parks open, properly maintained and safe, preserve the opportunities they provide for family recreation, help our economy, and protect jobs.

Early supporters include the Ocean Conservancy, California Teachers Association, Latino Health Access, Public Health Institute, California Travel Industry Association, California State Parks Foundation, California State Lifeguard Association and local businesses and chambers of commerce throughout the state. Vote Yes For State Parks and Wildlife Conservation—YES on 21.

www.YesForStateParks.com

JIM ADAMS, Regional Executive Director, Pacific Region
National Wildlife Federation

MIKE SWEENEY, Executive Director
The Nature Conservancy California

PAMELA JO ARMAS, President
California State Park Rangers Association

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 21 ★

While appearing well intended, Prop. 21 is designed to trick you into bringing back the "Car Tax."

Politicians may not be able to "raid" these funds, but they can definitely take existing state park money and put those dollars into other wasteful projects. In fact, during a budget hearing, *a senator openly encouraged taking more money from parks so voters would want to raise the car tax with Prop. 21.*

Prop. 21 represents wrong priorities.

Prop. 21 is just more "ballot box budgeting" that raises your taxes without addressing California's most urgent issues. While state parks are a wonderful resource, is this really the time to pay more for parks while schools, universities and road construction are ignored?

Real reform is needed to fix our chronic budget woes. Pension reform, a spending limit and a real "rainy day" reserve would be useful reforms to relieve California's rising debt. Prop. 21 offers no solutions or reforms. It only offers a higher car tax with no guarantee that state park funding will actually increase.

Prop. 21 is deceptively written. While paying the new car tax will allow you to enter state parks, the measure still *allows for new additional fees inside the park*. It could easily cost more than ever to visit a state park.

Say NO to higher taxes and bad priorities. Vote NO on Prop. 21.

MICHELLE STEEL, Member
State Board of Equalization

PETER FOY, California Chairman
Americans for Prosperity

PROP 21 ESTABLISHES $18 ANNUAL VEHICLE LICENSE SURCHARGE TO HELP FUND STATE PARKS AND WILDLIFE PROGRAMS. GRANTS SURCHARGED VEHICLES FREE ADMISSION TO ALL STATE PARKS. INITIATIVE STATUTE.

★ ARGUMENT AGAINST PROPOSITION 21 ★

State parks are some of California's true jewels, but Proposition 21 is a cynical ploy by Sacramento insiders to bring back the "Car Tax" to the tune of $1 billion every two years—according to the venerable watchdog, the Legislative Analyst's Office.

Say NO to the "Car Tax" and vote NO on Proposition 21.

Instead of reducing the size of government to fit these difficult times, this new car tax will allow politicians to play a cynical budget shell game that could still leave our state parks dilapidated while diverting hundreds of millions of dollars into other government programs.

Veteran Sacramento Bee columnist Dan Walters recently exposed the politicians' car tax scheme by reporting that a state senator had argued for eliminating $140 million from the state parks' budget so that you, the voter, would be more likely to vote for Proposition 21.

Walters quotes Senator Alan Lowenthal telling a legislative committee:

"Why would anyone vote for the park pass (Prop. 21) if we've already fully funded it (state parks)? I mean why do you need to vote for a park pass if we're fully funded?"

Walters rightly concluded that Lowenthal's comments "let the cat out of the bag."

This stunning insight into what goes on in the Capitol is galling, exposes the cynical shell game, and reveals the depths to which politicians will plunge to deceive voters and increase taxes.

Clearly, the real agenda the politicians have for Proposition 21 is to fool you into approving a car tax for state parks so that they can shift money towards other wasteful spending.

Send the politicians a message with a NO vote on Proposition 21.

California's most trusted taxpayer protection organizations are opposed to Proposition 21.

The California Taxpayers' Association opposes Proposition 21.

The Howard Jarvis Taxpayers Association opposes Proposition 21.

"As well intended as this measure may appear, Prop. 21 is nothing more than a $1 billion car tax every two years on Californians while offering no guarantee that state parks will be repaired or kept open.

"But even worse, voting for Prop. 21 only enables and encourages the Sacramento politicians to maintain their wasteful spending while finding deceptive ways to increase our taxes. Vote NO on Prop. 21."—Jon Coupal, President, Howard Jarvis Taxpayers Association

Join these taxpayer advocates in voting NO on Proposition 21.

Sacramento needs real budget reform and real solutions. Proposition 21 is just more "ballot box budgeting" that makes Sacramento dysfunctional. We need to hold the politicians accountable and force them to do their jobs for us.

Proposition 21 just promotes more budget chaos and politics as usual and doesn't address the most pressing problems in California like education and job creation.

Proposition 21 may seem well intended but don't be fooled. It's just Sacramento politics as usual and a sneaky way to increase our taxes by $1 billion every two years.

Say NO to Sacramento. Say NO to car taxes. Vote No on Proposition 21.

PETER FOY, California Chairman
Americans for Prosperity
MICHELLE STEEL, Member
California Board of Equalization

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 21 ★

SACRAMENTO POLITICIANS HAVE DEVASTATED STATE PARKS AND WILDLIFE CONSERVATION PROGRAMS

California state parks attract more than 80 million visits from residents and tourists annually, and generate enormous economic and public health benefits for our state and nearby communities.

Yet state parks have suffered in recent years at the whim of Sacramento politicians, attacking parks with erratic, severe and damaging funding cuts.

The impacts of Sacramento's neglect are devastating . . . parks closed, dirty and unsafe bathrooms, contaminated drinking water, buildings falling apart, dangerous and eroding trails, and delayed maintenance that only costs us more in the long run.

The price tag for backlogged maintenance: more than $1 billion.

The effects of closed and deteriorating parks, including lost jobs and revenues, ripple throughout California.

PROP. 21 ESTABLISHES A TRUST FUND—KEEPS PARKS OPEN AND PROTECTS TAXPAYERS

A coalition of citizens and respected organizations put Prop. 21 on the ballot as a solution. Prop. 21 creates a special Trust Fund that can only be used to maintain our parks and wildlife conservation programs. Prop. 21 mandates strict accountability, including a Citizens' Oversight Committee and annual audits, to ensure funds are properly spent and the Trust Fund cannot be raided by politicians for pet projects.

DIVERSE AND RESPECTED COALITION SUPPORTS PROP. 21

A bipartisan group of 300 organizations, representing millions of Californians, supports Prop. 21, including:

- California Federation of Teachers;
- California League of Conservation Voters;
- California Nurses Association;
- California State Lifeguard Association;
- League of California Afterschool Providers;
- Local chambers of commerce.

YES on 21. *www.YesForStateParks.com*

GRAHAM CHISHOLM, Executive Director
Audubon California
JAN LEWIS, State Chair
California Action for Healthy Kids
ELIZABETH GOLDSTEIN, President
California State Parks Foundation

PROPOSITION

22 PROHIBITS THE STATE FROM BORROWING OR TAKING FUNDS USED FOR TRANSPORTATION, REDEVELOPMENT, OR LOCAL GOVERNMENT PROJECTS AND SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

PROHIBITS THE STATE FROM BORROWING OR TAKING FUNDS USED FOR TRANSPORTATION, REDEVELOPMENT, OR LOCAL GOVERNMENT PROJECTS AND SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

- Prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

Due to restrictions on state authority over fuel and property taxes, the state would have to take alternative actions—probably in the range of $1 billion to several billion dollars annually. This would result in both:

- Reductions in General Fund program spending and/or increases in state revenues of those amounts.
- Comparable increases in funding for state and local transportation programs and local redevelopment.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Under the State Constitution, state and local government funding and responsibilities are interrelated. Both levels of government share revenues raised by some taxes—such as sales taxes and fuel taxes. Both levels also share the costs for some programs—such as many health and social services programs. While the state does not receive any property tax revenues, it has authority over the distribution of these revenues among local agencies and schools.

Over the years, the state has made decisions that have affected local government revenues and costs in various ways. Some of these decisions have benefited the state fiscally, and others have benefited local governments. For example, in the early 1990s, the state permanently shifted a share of city, county, and special district property tax revenues to schools. These shifts had the effect of reducing local agency resources and reducing state costs for education. Conversely, in the late 1990s, the state changed laws regarding trial court program funding. This change had the effect of shifting local agency costs to the state.

In recent years, the state's voters have amended the Constitution to limit the state's authority over local finances. Under Proposition 1A of 2004, the state no longer has the authority to permanently shift city, county, and special district property tax revenues to schools, or take certain other actions that affect local governments. In addition, Proposition 1A of 2006 restricts the state's ability to borrow state gasoline sales tax revenues. These provisions in the Constitution, however, do not eliminate state authority to temporarily borrow or redirect some city, county, and special district funds. In addition, these propositions do not eliminate the state's authority to redirect local redevelopment agency revenues. (Redevelopment agencies work on projects to improve blighted urban areas.)

PROPOSAL

As Figure 1 summarizes, this measure reduces or eliminates the state's authority to:

- Use state fuel tax revenues to pay debt service on state transportation bonds.
- Borrow or change the distribution of state fuel tax revenues.

Figure 1

Major Provisions of Proposition 22

✓ **Restrictions Regarding State Fuel Taxes**
- Reduces state's authority to use funds to pay debt service on transportation bonds.
- Prohibits borrowing of funds by the state.
- Limits state authority to change distribution of funds.

✓ **Other Restrictions on the State**
- Prohibits redirection of redevelopment property tax revenues.
- Eliminates state authority to temporarily shift property tax revenues from cities, counties, and special districts.
- Prohibits state from using vehicle license fee revenues to pay for state-imposed mandates.

✓ **Enforcement**
- Repeals state laws enacted after October 20, 2009, if they conflict with the measure.
- Provides reimbursement if the state violates any term of the measure.

- Redirect redevelopment agency property taxes to any other local government.
- Temporarily shift property taxes from cities, counties, and special districts to schools.
- Use vehicle license fee (VLF) revenues to reimburse local governments for state mandated costs.

As a result, this measure affects resources in the state's General Fund and transportation funds. The General Fund is the state's main funding source for schools, universities, prisons, health, and social services programs. Transportation funds are placed in separate accounts and used to pay for state and local transportation programs.

Use of Funds to Pay for Transportation Bonds

State Fuel Taxes. As Figure 2 shows, the state annually collects about $5.9 billion in fuel tax revenues for transportation purposes—with most of this amount coming from a 35.3 cents per gallon excise tax on gasoline. The amounts shown in Figure 2 reflect changes adopted in early 2010. Prior to these changes, the state charged two taxes on gasoline: an 18 cents per gallon excise tax and a sales tax based on the cost of the purchase. Under the changes, the state collects the same amount of total revenues but does not charge a state sales tax on gasoline. (These state fuel tax changes did not affect the local sales tax on gasoline.) Part of the reason the state made these changes is because revenues from the gasoline excise tax can be used more flexibly than sales tax revenues to pay debt service on transportation bonds.

Figure 2

Current State Fuel Tax Revenues for Transportation Purposes [a]

2010–11
(In Millions)

Fuel	Excise Tax	Sales Tax
Gasoline	$5,100	—
Diesel	470	$300
Totals	**$5,570**	**$300**

[a] Local governments also charge taxes on fuels. The figure does not show these local revenues.

For text of Proposition 22, see page 99.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Current Use of Fuel Tax Revenues. The main uses of state fuel tax revenues are (1) constructing and maintaining highways, streets, and roads and (2) funding transit and intercity rail services. In addition, the state uses some of its fuel tax revenues to pay debt-service costs on voter-approved transportation bonds. In the current year, for example, the state will use about $850 million of fuel tax revenues to pay debt-service costs on bonds issued to fund highway, road, and transit projects. In future years, this amount is expected to increase to about $1 billion annually.

Reduces State Authority. The measure reduces state authority to use fuel tax revenues to pay for bonds. Under the measure, the state could not use fuel tax revenues to pay for any bonds that have already been issued. In addition, the state's authority to use fuel tax revenues to pay for bonds that have not yet been issued would be significantly restricted.

Because of these restrictions, the state would need to pay about $1 billion of annual bond costs from its General Fund rather than from transportation accounts. (In the current year, the amount would be somewhat less because the state would have paid some of its bond costs using fuel tax revenues by the time of the election.) This, in turn, would (1) increase the amount of funds the state would have available to spend for transportation programs and (2) reduce the amount of General Fund resources the state would have available to spend on non-transportation programs.

Borrowing of Fuel Tax Revenues

Current Authority to Borrow. While state fuel tax revenues generally must be used for transportation purposes, the state may use these funds for other purposes under certain circumstances. Specifically:

- ***Borrowing for Cash Flow Purposes.*** The state historically has paid out most of its General Fund expenses between July and December of each year, but received most of its revenues between January and June. To help manage this uneven cash flow, the state often borrows funds from various state accounts, including fuel tax funds, on a temporary basis. The cash flow loans of fuel tax funds often total $1 billion or more.
- ***Borrowing for Budget-Balancing Purposes.*** In cases of severe state fiscal hardship, the state may use fuel tax revenues to help address a budgetary problem. The state must pay these funds back within three years. For example, at the time this analysis was prepared, the proposed 2010–11 state budget included a $650 million loan of state fuel tax revenues to the state General Fund.

Prohibits Borrowing. This measure generally prohibits fuel tax revenues from being loaned—either for cash flow or budget-balancing purposes—to the General Fund or to any other state fund. The state, therefore, would have to take alternative actions to address its short-term borrowing needs. These actions could include borrowing more from private markets, slowing state expenditures to accumulate larger reserves in its accounts, or speeding up the collection of tax revenues. In place of budgetary borrowing, the state would have to take alternative actions to balance future General Fund budgets—such as reducing state spending or increasing state taxes.

Distribution of Fuel Tax Revenues

Current Distribution. Roughly two-thirds of the state's fuel tax revenues are spent by the state, and the rest is given to cities, counties, and transit districts. Although state law specifies how much money local agencies shall receive, the Legislature may pass a law with a majority vote of each house to change these funding distributions. For example, the state has made various changes to the allocation of transit funding over recent years.

Limits Changes to Distribution. This measure constrains the state's authority to change the distribution of state fuel tax revenues to local agencies. In the case of fuel excise taxes, the measure requires that the formula to distribute these tax revenues to local governments for the construction or maintenance of local streets and roads be the one that was in effect on

June 30, 2009. (At that time, local governments received the revenues generated from 6 cents of the 18 cents being collected from the fuel excise tax.) Under this measure, the state could enact a law to change this allocation, but only by a two-thirds vote of each house of the Legislature and after the California Transportation Commission conducted a series of public hearings.

In the case of diesel sales tax revenues (used primarily for transit and transportation planning), current law requires that the funds be distributed 25 percent to the state and 75 percent to local governments, beginning in 2011–12. The measure specifies that the funds instead be split equally between local and state programs. This change in diesel sales tax revenue distribution, therefore, would provide somewhat lower ongoing funding for local transit purposes and more funding for state transit purposes than otherwise would be the case. Under the measure, the state could not change this distribution of funds.

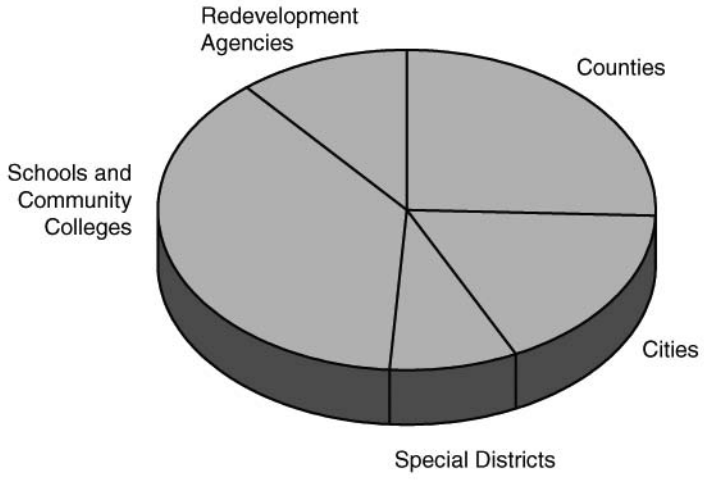
Allocation of Property Tax Revenues

Current Property Tax Distribution. California property owners pay a 1 percent tax on the value of their homes and other properties, plus any additional property tax rates for voter-approved debt. State law specifies how county auditors are to distribute these revenues among local governments. Figure 3 shows the average share of property tax revenues local governments receive.

State law allows the state to make some changes to the distribution of property tax revenues. For example, the state may require redevelopment agencies to shift revenues to nearby schools. Recently, the state required redevelopment agencies to shift $2 billion of revenues to schools over two years. (This amount is roughly 15 percent of total redevelopment revenues.) In addition, during times of severe state fiscal hardship, the state may require that a portion of property tax revenues be temporarily shifted away

Figure 3
Estimated Local Government Shares of the 1 Percent Property Tax

Statewide Average



Excludes effect of any temporary property tax shifts.

For text of Proposition 22, see page 99.

from cities, counties, and special districts. In this case, however, the state must repay the local agencies for their losses within three years, including interest. Recently, the state required these agencies to shift $1.9 billion of funds to schools. The major reason the state made these revenue shifts was to reduce state General Fund costs for education and other programs.

Reduces State Authority. This measure prohibits the state from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. The measure also eliminates the state's authority to shift property taxes temporarily during a severe state fiscal hardship. Under the measure, therefore, the state would have to take other actions to balance its budget in some years—such as reducing state spending or increasing state taxes.

Use of VLF Revenues

Current VLF. California vehicle owners pay a VLF based on their vehicle's value at a rate of 1.15 percent, including a 0.65 percent ongoing rate and a 0.50 percent temporary rate. Most VLF revenues are distributed to local governments.

Current Mandate Payments. The state generally must reimburse local governments when it "mandates" that they provide a new program or higher level of service. The state usually provides reimbursements through appropriations in the annual budget act or by providing other offsetting funds.

Restricts Use of VLF Funds. This measure specifies that the state may not reimburse local governments for a mandate by giving them an increased share of VLF revenues collected under the ongoing rate. Under the measure, therefore, the state would have to reimburse local governments using other resources.

State Laws That Are in Conflict With This Proposition

Voids Recent Laws. Any law enacted between October 20, 2009, and November 2, 2010, that is in conflict with this proposition would be repealed. Several factors make it difficult to determine the practical effect of this provision. First, parts of this measure would be subject to future interpretation by the courts. Second, in the spring of 2010, the state made significant changes to its fuel tax laws, and the full effect of this measure on these changes is not certain. Finally, at the time this analysis was prepared (early in the summer of 2010), the state was considering many new laws and funding changes to address its major budget difficulties. As a result, it is not possible to determine the full range of state laws that could be affected or repealed by this measure.

Requires Reimbursement for Future Laws. Under this measure, if a court ruled that the state violated a provision of Proposition 22, the State Controller would reimburse the affected local governments or accounts within 30 days. Funds for these reimbursements, including interest, would be taken from the state General Fund and would not require legislative approval.

FISCAL EFFECTS

State General Fund

Effect in 2010–11. This measure would (1) shift some debt-service costs to the state General Fund and (2) prohibit the General Fund from borrowing fuel tax revenues. As a result, the measure would reduce resources available for the state to spend on other programs, probably by about $1 billion in 2010–11. To balance the budget, the state would have to take other actions to raise revenues and/or decrease spending. Overall, the measure's immediate fiscal effect would equal about 1 percent of total General Fund spending. As noted above, the measure also would repeal laws passed after this analysis was prepared that conflicted with its provisions.

Longer-Term Effect. Limiting the state's authority to use fuel tax revenues to pay transportation bond costs would increase General Fund costs by about $1 billion annually for the next couple of decades. In addition, the measure's constraints on state authority to borrow or redirect property tax and redevelopment revenues could result in increased costs or decreased resources available to the General Fund in some years. The

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

total annual fiscal effect from these changes is not possible to determine, but could range from about $1 billion (in most years) to several billion dollars (in some years).

State and Local Transportation Programs and Local Government

The fiscal effect of the measure on transportation programs and local governments largely would be the *opposite* of its effect on the state's General Fund. Under the measure, the state would use General Fund revenues—instead of fuel tax revenues—to pay for transportation bonds. This would leave more fuel tax revenues available for state and local transportation programs.

In addition, limiting the state's authority to redirect revenues likely would result in increased resources being available for redevelopment and state and local transportation programs. Limiting the state's authority to borrow these revenues likely would also result in more stable revenues being available for local governments and transportation. The magnitude of this fiscal effect is not possible to determine, but could be in the range from about $1 billion (in most years) to several billions of dollars (in some years).

For text of Proposition 22, see page 99.

PROP 22 PROHIBITS THE STATE FROM BORROWING OR TAKING FUNDS USED FOR TRANSPORTATION, REDEVELOPMENT, OR LOCAL GOVERNMENT PROJECTS AND SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT IN FAVOR OF PROPOSITION 22 ★

THE PROBLEM—STATE POLITICIANS KEEP TAKING LOCAL GOVERNMENT and TRANSPORTATION FUNDS.

For too long, Sacramento politicians have used loopholes in the law to take billions in taxpayer funds dedicated by the voters to local government and transportation services.

The State Legislature took and borrowed $5 billion last year and is planning to take billions more this year. State raids have forced deep cuts to vital local services like *9-1-1 emergency response, police, fire, libraries, senior services, road repairs, and public transportation improvements.*

THE SOLUTION—YES on 22 will STOP STATE RAIDS of LOCAL GOVERNMENT and TRANSPORTATION FUNDS.

YES on 22 will:

1) STOP the State from taking or borrowing local tax dollars dedicated to cities and counties to fund vital local services like 9-1-1 response, police, and fire protection.

2) STOP the State from taking or diverting gas taxes we pay at the pump that voters have dedicated to local road repairs, transportation improvements, and public transportation.

YES on 22—PROTECTS VITAL LOCAL SERVICES, including PUBLIC SAFETY.

"Cities spend more than 60 percent of their general funds on police and fire services. By prohibiting State raids of local funds, Prop. 22 will help maintain law enforcement, 9-1-1 emergency response, and other public safety services."—Chief Douglas Fry, President, FIRE CHIEFS DEPARTMENT, League of California Cities

YES on 22 will protect vital locally delivered services, including:

- Police and sheriff patrols
- 9-1-1 emergency dispatch
- Paramedic response
- Fire protection
- Senior services
- Youth anti-gang and after school programs
- Neighborhood parks and libraries
- Public transportation, like buses and commuter rail
- Local road safety repairs

YES on 22—ENSURES our GAS TAXES are DEDICATED to TRANSPORTATION.

The gas taxes we pay at the pump should be used to improve road safety, relieve traffic congestion, and to fund mass transit. But state politicians keep diverting our gas taxes for non-transportation purposes. Yes on 22 ensures that gas tax funds are used for transportation improvements as voters intended.

YES on 22—APPLIES ONLY TO EXISTING FUNDING FOR LOCAL GOVERNMENT and TRANSPORTATION SERVICES.

Prop. 22 will NOT increase taxes. And claims that 22 will hurt school funding are just scare tactics by those who want to continue State raids of local funds. Prop. 22 simply ensures that our *existing* local tax dollars and *existing* gas taxes cannot be taken away by the state politicians again.

YES on 22—SUPPORTED by a BROAD COALITION:

- California Fire Chiefs Association
- Peace Officers Research Association of California, representing 60,000 public safety members
- Local paramedics and 9-1-1 dispatch operators
- California Police Chiefs Association
- California Library Association, representing 3,000 librarians across California
- California Transit Association
- League of California Cities
- California Alliance for Jobs
- California Chamber of Commerce
- More than 50 local chambers of commerce
- More than 300 cities and towns

STOP STATE RAIDS OF LOCAL TAXPAYER FUNDS.

VOTE YES on 22!

www.SaveLocalServices.com

DOUGLAS FRY, President
Fire Chiefs Department, League of California Cities
KIM BUI-BURTON, President
California Library Association
SUSAN MANHEIMER, President
California Police Chiefs Association

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 22 ★

THE SOLUTION—NO ON PROP. 22

Are proponents of Prop. 22—local government bureaucrats, developers and redevelopment agencies who create endless schemes to fill their coffers—really blind to California's budget crisis?

Why else would they ask voters to pass an initiative where public schools stand to lose over one billion dollars next year, and billions more over the next decade, while handing billions in tax dollars to developers?

Then, Prop. 22 takes money firefighters across California use to fight fires and natural disasters.

And, Prop. 22 makes funding for affordable healthcare for children more difficult.

The Silicon Valley Taxpayers Association strongly urges a NO vote on 22.

The Fullerton Association of Concerned Taxpayers says NO.

They believe special protections for redevelopment agencies in Prop. 22 are a terrible idea. It would allow more sweetheart deals with for-profit developers.

It's a bad idea to amend California's Constitution to reduce funding available for public education and shrink budgets for fire protection, public safety and healthcare, while protecting tax giveaways for local developers. California's Constitution isn't the place for local power grabs. Especially with no accountability!

"Prop. 22 locks in protections for redevelopment agencies that take over 10% of all property taxes and use them to enter into billions of dollars of long-term debt without voter approval."—Lew Uhler, President, National Taxpayer Limitation Committee

Your tax dollars should go first to public schools, public safety and healthcare. And go LAST to local bureaucrats, developers and redevelopment agencies that support Proposition 22.

DAVID A. SANCHEZ, President
California Teachers Association
KEN HAMBRICK, Chair
Alliance of Contra Costa Taxpayers
LEW STONE, President
Burbank Firefighters

PROP 22 PROHIBITS THE STATE FROM BORROWING OR TAKING FUNDS USED FOR TRANSPORTATION, REDEVELOPMENT, OR LOCAL GOVERNMENT PROJECTS AND SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT AGAINST PROPOSITION 22 ★

Proposition 22 is another one of those propositions that sounds good, but is filled with hidden provisions that hurt taxpayers. Look at what it really does.

If Proposition 22 passes our schools stand to lose over $1 billion immediately and an additional $400 million every year after that. That is the equivalent of 5,700 teachers every year. It means larger class sizes. Overcrowded schools. Cuts in academics, music, art, vocational training, and classroom safety.

At a time when our public schools are already suffering from crippling budget cuts, Proposition 22 would devastate them. That's why the California Teachers Association, joined by school principals and parents across the state, say strongly: Vote NO on Proposition 22.

If that isn't bad enough, Proposition 22 also takes money that firefighters across the state need. The California Professional Firefighters opposes Proposition 22 because it will leave us all in greater danger from fires, earthquakes, floods, and other natural disasters. It also means cuts in emergency medical services, forcing longer response times if your family needs a paramedic—or perhaps no paramedic at all in a major emergency.

Proposition 22 will reduce funding available for health care at a time when our safety net for children is already collapsing. Tens of thousands of children in California are at risk of losing their health insurance and access to affordable health care if Proposition 22 passes.

Finally, Proposition 22 has another hidden provision—it locks protections for redevelopment agencies into the State Constitution forever. These agencies have the power to take your property away with eminent domain. They skim off billions in local property taxes, with much of that money ending up in the hands of local developers. And they do so with no direct voter oversight.

Supporters of Proposition 22 claim this will somehow help public services. We disagree. Your tax dollars should go first to schools, public safety, and health care. They should go LAST to the developers and the redevelopment agencies that support this proposal.

In 2004, voters approved Proposition 1A which allows local funds to be borrowed in times of real fiscal crisis, but requires full repayment within 3 years. Proposition 22 will reverse what Californians wisely approved in 2004, leaving schools, children's health care, seniors, the blind and disabled with even less hope.

Riverside City Firefighter Timothy Strack says, "Proposition 22 won't put one more firefighter on an engine or one more paramedic in an ambulance. It simply props open the door for redevelopment agencies to take away our public safety funding."

We all know that ballot propositions often don't do what they promise, and too often make things worse. Proposition 22 is the perfect example. During the current budget crisis we face throughout our state, why would locking in more budgeting be a smart thing? With virtually no accountability and no taxpayer protections? To benefit redevelopment agencies and the developers they serve?

Protect our schools. Our public safety. Our children's health care. Vote NO on Proposition 22.

LOU PAULSON, President
California Professional Firefighters
MALINDA MARKOWITZ, RN, Co-President
California Nurses Association
DONNA DREITH, Third Grade Teacher
Riverdale Joint Unified School District

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 22 ★

In the past, the roles of California's local and state governments were balanced. But that balance has been destroyed.

Year after year, State Politicians abuse loopholes in the law to take away local taxpayer dollars now dedicated to local services.

The politicians redirect that local money to the State General Fund, where they spend it as they please.

State government keeps taking more and more, while our city and county services have been cut to the bone.

We have to close the loopholes and stop State raids of our local taxpayer funds.

READ 22 FOR YOURSELF:

- Yes on 22 stops State Politicians from taking funds used for local government services like emergency 9-1-1 response, police, fire, libraries, parks and senior services.
- Yes on 22 stops State Politicians from taking gas taxes that voters have dedicated to transportation improvements.

DON'T BE MISLED BY OPPONENTS' SCARE TACTICS.

Those opposed to 22 want State Politicians to be able to continue to take our local tax dollars. It's that simple.

FACT: 22 protects only *existing* local revenues and does not reduce the amount schools are guaranteed by the State Constitution. *Not even by one dime.*

FACT: The Peace Officers Research Association of California, representing 60,000 law enforcement personnel, the California Fire Chiefs, Fire Districts Association of California and the California Police Chiefs *support* 22 because it protects more than $16 billion annually for local firefighting, law enforcement and 9-1-1 emergency response.

STOP State Politicians from Raiding Local Funds.
Vote YES on 22.
www.SaveLocalServices.com

DOUGLAS FRY, President
Fire Chiefs Department, League of California Cities
RON COTTINGHAM, President
Peace Officers Research Association of California
JANE LIGHT, Librarian
San Jose Public Library

PROPOSITION 23

SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

- Suspends State law that requires greenhouse gas emissions be reduced to 1990 levels by 2020, until California's unemployment drops to 5.5 percent or less for four consecutive quarters.
- Suspends comprehensive greenhouse-gas-reduction program that includes increased renewable energy and cleaner fuel requirements, and mandatory emissions reporting and fee requirements for major emissions sources such as power plants and oil refineries.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- The suspension of AB 32 could result in a modest net increase in overall economic activity in the state. In this event, there would be an unknown but potentially significant net increase in state and local government revenues.
- Potential loss of a new source of state revenues from the auctioning of emission allowances by state government to certain businesses that would pay for these allowances, by suspending the future implementation of cap-and-trade regulations.
- Lower energy costs for state and local governments than otherwise.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Global Warming and Greenhouse Gases. Greenhouse gases (GHGs) are gases that trap heat from the sun within the earth's atmosphere, thereby warming the earth's temperature. Both natural phenomena (mainly the evaporation of water) and human activities (principally burning fossil fuels) produce GHGs. Scientific experts have voiced concerns that higher concentrations of GHGs resulting from human activities are increasing global temperatures, and that such global temperature rises could eventually cause significant problems. Such global temperature increases are commonly referred to as global warming, or climate change.

As a populous state with a large industrial economy, California is the second largest emitter of GHGs in the United States and one of the largest emitters of GHGs in the world. Climate change is a global issue necessitating an international approach. Actions in California regarding GHGs have been advocated on the basis that they will contribute to a solution and may act as a catalyst to the undertaking of GHG mitigation policies elsewhere in our nation and in other countries.

Assembly Bill 32 Enacted to Limit GHGs. In 2006, the state enacted the California Global Warming Solutions Act of 2006, commonly referred to as Assembly Bill 32 or "AB 32." This legislation established the target of reducing the state's emissions of GHGs by 2020 to the level that emissions were at in 1990. It is estimated that achieving this target would result in about a 30 percent reduction in GHGs in 2020 from where their level would otherwise be in the absence of AB 32.

Assembly Bill 32 requires the state Air Resources Board (ARB) to adopt rules and regulations to achieve this reduction. The law also directs ARB, in developing these rules and regulations, to take advantage of opportunities to improve air quality, thereby creating public health benefits from the state's GHG emission reduction activities.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Other Laws Would Reduce GHG Emissions. In addition to AB 32, a number of other state laws have been enacted by the Legislature that would reduce GHG emissions. In some cases, the main purpose of these other laws is specifically to reduce GHG emissions. For example, a 2002 law requires the ARB to adopt regulations to reduce GHG emissions from cars and smaller trucks. Other laws have authorized various energy efficiency programs that could have the effect of reducing GHG emissions, although this may not have been their principal purpose.

"Scoping Plan" to Reach GHG Emission Reduction Target. As required by AB 32, the ARB in December 2008 released its plan on how AB 32's GHG emission reduction target for 2020 would be met. The plan—referred to as the AB 32 Scoping Plan—encompasses a number of different types of measures to reduce GHG emissions. Some are measures authorized by AB 32, while others are authorized by separately enacted laws. Some of these measures have as their primary objective something other than reducing GHGs, such as reducing the state's dependency on fossil fuels.

The plan includes a mix of traditional regulatory measures and market-based measures. Traditional regulations, such as energy efficiency standards for buildings, would require individuals and businesses to take specific actions to reduce emissions. Market-based measures provide those subject to them greater flexibility in *how* to achieve GHG emission reductions. The major market-based measure included in the Scoping Plan is a "cap-and-trade" program. Under such a program, the ARB would set a limit, or *cap*, on GHG emissions; issue a limited number of emission allowances to emitters related to the amount of GHGs they emit; and allow emitters covered by the program to buy, sell, or *trade* those emission allowances.

Some measures in the Scoping Plan have already been adopted in the form of regulations. Other regulations are either currently under development or will be developed in the near future. Assembly Bill 32 requires that all regulations for GHG emission reduction measures be adopted by January 1, 2011, and in effect by January 1, 2012.

Fee Assessed to Cover State's Administrative Costs. As allowed under AB 32, the ARB has adopted a regulation to recover the state's costs of administering the GHG emission reduction programs. Beginning in fall 2010, entities that emit a high amount of GHGs, such as power plants and refineries, must pay annual fees that will be used to offset these administrative costs. Fee revenues will also be used to repay various state special funds that have made loans totaling $83 million to the AB 32 program. These loans have staggered repayment dates that run through 2014.

The Economic Impact of Implementing the Scoping Plan. The implementation of the AB 32 Scoping Plan will reduce levels of GHG emissions and related air pollutants by imposing various new requirements and costs on certain businesses and individuals. The reduced emissions and the new costs will both affect the California economy. There is currently a significant ongoing debate about the impacts to the California economy from implementing the Scoping Plan. Economists, environmentalists, and policy makers have voiced differing views about how the Scoping Plan will affect the gross state product, personal income, prices, and jobs. The considerable uncertainty about the Scoping Plan's "bottom-line" or net impact on the economy is due to a number of reasons. First, because a number of the Scoping Plan measures have yet to be fully developed, the economic impacts will depend heavily on how the measures are designed in the public regulatory process. Second, because a number of the Scoping Plan measures are phased in over time, the full economic impacts of some measures would not be felt for several years. Third, the implementation of the Scoping Plan has the potential to create both positive and negative impacts on the economy. This includes the fact that there will be both "winners" and "losers" under the implementation of the Scoping Plan for particular economic sectors, businesses, and individuals.

For text of Proposition 23, see page 106.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

A number of studies have considered the economic impacts of the Scoping Plan implementation in 2020—the year when AB 32's GHG emission reduction target is to be met. Those studies that have looked at the economic impacts from a relatively broad perspective have, for the most part, found that there will be some modest reduction in California's gross state product, a comprehensive measure of economic activity for the state. These findings reflect how such things as more expensive energy, new investment requirements, and costs of regulatory compliance combine to increase the costs of producing materials, goods, and services that consumers and businesses buy. Given all of the uncertainties involved, however, the net economic impact of the Scoping Plan remains a matter of debate.

PROPOSAL

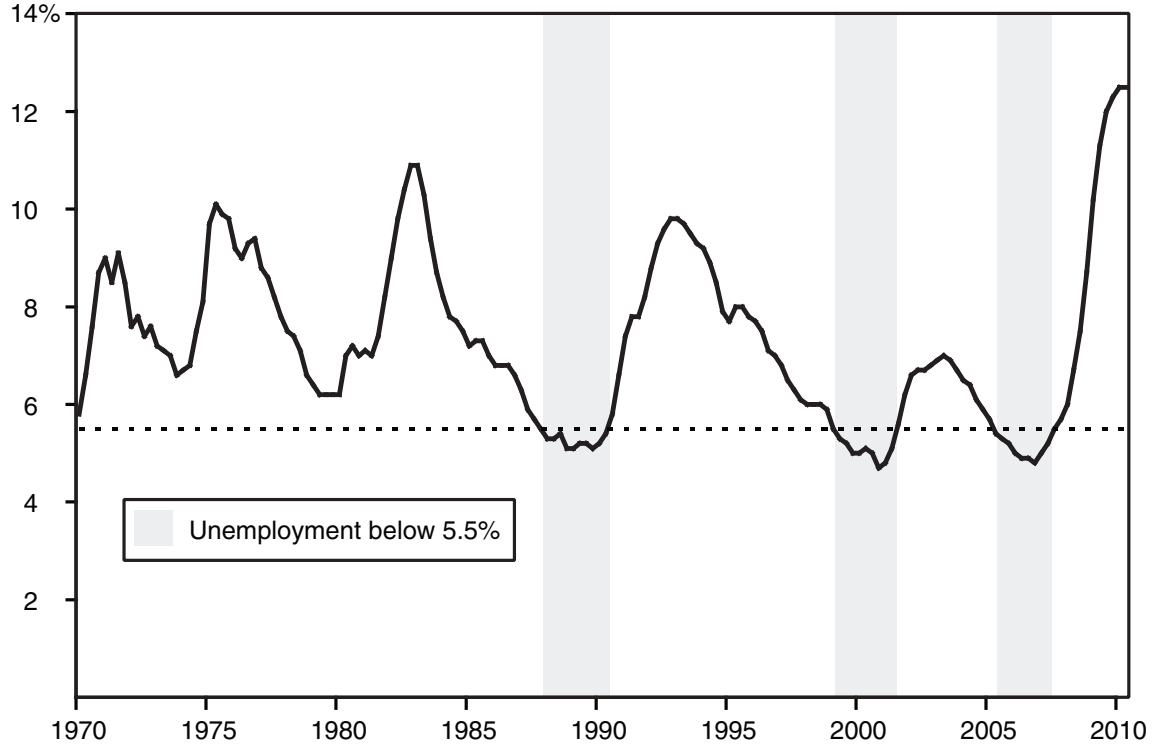
This proposition suspends the implementation of AB 32 until the unemployment rate in California is 5.5 percent or less for four consecutive quarters. During the suspension period, state agencies are prohibited from proposing or adopting new regulations, or enforcing previously adopted regulations, that would implement AB 32. (Once AB 32 went back into effect, this measure could not suspend it again.)

IMPACTS OF THIS PROPOSITION ON CLIMATE CHANGE REGULATION

AB 32 Would Be Suspended, Likely for Many Years. Under this proposition, AB 32 would be suspended immediately. It would remain suspended until the state's unemployment rate was

Figure 1

Historical Unemployment Rate in California



Source: United States Bureau of Labor Statistics; seasonally adjusted data.

5.5 percent or less for four consecutive quarters (a one-year period). We cannot estimate when the suspension of AB 32 might end. Figure 1 provides historical perspective on the state's unemployment rate. It shows that, since 1970, the state has had three periods (each about ten quarters long) when the unemployment rate was at or below 5.5 percent for four consecutive quarters or more. The unemployment rate in California for the first two quarters of 2010 was above 12 percent. Economic forecasts for the next five years have the state's unemployment rate remaining above 8 percent. Given these factors, it appears likely that AB 32 would remain suspended for many years.

Various Climate Change Regulatory Activities Would Be Suspended. This proposition would result in the suspension of a number of measures in the Scoping Plan for which regulations either have been adopted or are proposed for adoption. Specifically, this proposition would likely suspend:

- The proposed cap-and-trade regulation discussed above.
- The "low carbon fuel standard" regulation that requires providers of transportation fuel in California (such as refiners and importers) to change the mix of fuels to lower GHG emissions.
- The proposed ARB regulation that is intended to require privately and publicly owned utilities and others who sell electricity to obtain at least 33 percent of their supply from "renewable" sources, such as solar or wind power, by 2020. (The current requirement that 20 percent of the electricity obtained by privately owned utilities come from renewable sources by 2010 would not be suspended by this proposition.)
- The fee to recover state agency costs of administering AB 32.

Much Regulation in the Scoping Plan Would Likely Continue. Many current activities related to addressing climate change and reducing GHG emissions would probably not be suspended by this proposition. That is because certain Scoping Plan regulations implement laws other than AB 32. The regulations that would likely move forward, for example, include:

- New vehicle emission standards for cars and smaller trucks.
- A program to encourage homeowners to install solar panels on their roofs.
- Land-use policies to promote less reliance on vehicle use.
- Building and appliance energy efficiency requirements.

We estimate that more than one-half of the emission reductions from implementing the Scoping Plan would come because of laws enacted separately from AB 32.

FISCAL EFFECTS

Potential Impacts on California Economy and State and Local Revenues

There would likely be both positive and negative impacts on the California economy if AB 32 were suspended. These economic impacts, in turn, would affect state and local government revenues. We discuss these effects below.

Potential Positive Economic Impacts. The suspension of AB 32 would likely have several positive impacts on the California economy. Suspending AB 32 would reduce the need for new investments and other actions to comply with new regulations that would be an added cost to businesses. Energy prices—which also affect the state's economy—would be lower in 2020 than otherwise. This is because the proposed cap-and-trade regulation, as well as the requirement that electric utilities obtain a greater portion of their electricity supplies from renewable energy sources, would otherwise require utilities to make investments that would increase the costs of producing or delivering electricity. Such investments would be needed to comply with these regulations, such as by obtaining electricity from higher-priced sources than would otherwise be the case. The suspension of such measures by

For text of Proposition 23, see page 106.

this proposition could therefore lower costs to businesses and avoid energy price increases that otherwise would largely be passed on to energy consumers.

Potential Negative Economic Impacts. The suspension of AB 32 could also have negative impacts on the California economy. For example, the suspension of some Scoping Plan measures could delay investments in clean technologies that might result in some cost savings to businesses and consumers. Investment in research and development and job creation in the energy efficiency and clean energy sectors that support or profit from the goals of AB 32 might also be discouraged by this proposition, resulting in less economic activity in certain sectors than would otherwise be the case. Suspending some Scoping Plan measures could halt air quality improvements that would have public health benefits, such as reduced respiratory illnesses. These public health benefits translate into economic benefits, such as increased worker productivity and reduced government and business costs for health care.

Net Economic Impact. As discussed previously, only a portion of the Scoping Plan measures would be suspended by the proposition. Those measures would have probably resulted in increased compliance costs to businesses and/or increased energy prices. On the other hand, those measures probably would have yielded public health-related economic benefits and increased profit opportunities for certain economic sectors. Considering both the potential positive and negative economic impacts of the proposition, we conclude that, on balance, economic activity in the state would likely be modestly higher if this proposition were enacted than otherwise.

Economic Changes Would Affect State and Local Revenues. Revenues from taxes on personal and business income and on sales rise and fall because of changes in the level of economic activity in the state. To the extent that the suspension of AB 32 resulted in somewhat higher economic activity in the state, this would translate into an unknown but potentially significant increase in revenues to the state and local governments.

Other Fiscal Effects

Impacts of Suspension of the Cap-and-Trade Regulation. The suspension of ARB's proposed cap-and-trade regulation could have other fiscal effects depending on how this regulation would otherwise have been designed and implemented. One proposed approach provides for the auctioning of emission allowances by the state to emitters of GHGs. This approach would increase costs to affected firms doing business in the state, as they would have to pay for allowances. Such auctions could result in as much as several billion dollars of new revenues annually to the state that could be used for a variety of purposes. For example, depending on future actions of the Legislature, the auction revenues could be used to reduce other state taxes or to increase state spending for purposes that may or may not be related to efforts to prevent global warming. Thus, the suspension of AB 32 could preclude the collection by the state of potentially billions of dollars in new allowance-related payments from businesses.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Potential Impacts on State and Local Government Energy Costs. As noted above, the suspension of certain AB 32 regulations would likely result in lower energy prices in California than would otherwise occur. Because state and local government agencies are large consumers of energy, the suspension of some AB 32-related regulations would reduce somewhat state and local government energy costs.

Impacts on State Administrative Costs and Fees. During the suspension of AB 32, state administrative costs to develop and enforce regulations pursuant to AB 32 would be reduced significantly, potentially by the low tens of millions of dollars annually. However, during a suspension, the state would not be able to collect the fee authorized under AB 32 to pay these administrative costs. As a result, there would no longer be a dedicated funding source to repay loans that have been made from certain state special funds to support the operation of the AB 32 program. This would mean that other sources of state funds, potentially including the General Fund, might have to be used instead to repay the loans. These potential one-time state costs could amount to tens of millions of dollars. Once AB 32 went back into effect, revenues from the AB 32 administrative fee could be used to pay back the General Fund or other state funding sources that were used to repay the loans.

In addition, once any suspension of AB 32 regulations ended, the state might incur some additional costs to reevaluate and update work to implement these measures that was under way prior to the suspension.

For text of Proposition 23, see page 106.

PROP 23 SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 23 ★

THE PROBLEM: CALIFORNIA'S GLOBAL WARMING MANDATES ARE ON THE WRONG TRACK

Climate change is a serious issue that should be addressed thoughtfully and responsibly. However, now is not the time to implement AB32, California's costly global warming law, especially since the California Air Resources Board (CARB) acknowledges AB32 cannot "change the course of climate change."

California already has a $20 billion deficit and leads the nation in lost jobs, home foreclosures and debt. Implementing AB32 will cost taxpayers and consumers billions and destroy over a million jobs. Voters must stop these self-imposed energy cost increases that will further damage our economy and families.

THE SOLUTION: PROPOSITION 23

Proposition 23 suspends AB32 until the economy improves. It preserves California's strict environmental laws but protects us from dramatically higher energy costs. Proposition 23 saves jobs, prevents a tax increase, maintains environmental protections and helps families during these tough economic times.

PROPOSITION 23 SAVES BILLIONS IN HIGHER ENERGY TAXES AND COSTS

California's poor, working and middle class families are dealing with lost jobs, fewer hours and furloughs. California households cannot afford $3800 a year in higher AB32 costs.

"AB 32 will cause California households to face higher prices both directly for electricity, natural gas, and gasoline, and indirectly as businesses pass costs for GHG reduction on to consumers."—CARB's Economic Allocation and Advisory Committee

PROPOSITION 23 SAVES OVER ONE MILLION CALIFORNIA JOBS

Other countries and states prudently postponed implementing their global warming laws until economic conditions improve.

Without Proposition 23 higher energy prices will hit small businesses and employers, forcing more lay-offs and business closures.

Other countries that passed global warming laws experienced a loss of two blue collar jobs for every one green job created.

Proposition 23 saves over a million at-risk jobs, including high-paying blue collar and union jobs, and doesn't limit green job creation.

PROPOSITION 23 PRESERVES CALIFORNIA'S STRICT PUBLIC HEALTH, ENVIRONMENTAL PROTECTIONS

California has the toughest environmental laws in the country. Proposition 23 doesn't weaken or repeal the hundreds of laws that protect the environment, reduce air pollution, keep our water clean and protect public health.

Proposition 23 applies to greenhouse gas emissions, which CARB concedes "have no direct public health impacts."

PROPOSITION 23 PROTECTS ESSENTIAL PUBLIC SERVICES

By stopping higher energy costs, Proposition 23 helps protect funding when community budgets are dangerously stretched—keeping teachers in our classrooms and firefighters on the street.

"Public safety is our top priority. Proposition 23 is essential to help protect funding for firefighters, law enforcement and emergency medical services."
—Kevin Nida, President, California State Firefighters' Association

PROPOSITION 23 EMPOWERS VOTERS NOT BUREAUCRATS

CARB's unelected political appointees want to impose hidden taxes without voter approval. Proposition 23 lets voters, not bureaucrats, decide when we implement California's costly global warming law.

Proposition 23's common-sense, fiscally responsible approach is a win-win for California's families, economy and environment.

JOIN TAXPAYERS, FIREFIGHTERS, LOCAL OFFICIALS, ENERGY COMPANIES, FARMERS AND BUSINESSES TO SAVE JOBS AND PROTECT CALIFORNIA'S ECONOMY.

YES ON PROPOSITION 23

Yeson23.com

KEVIN NIDA, President
California State Firefighters' Association

JOHN KABATECK, Executive Director
National Federation of Independent Business/California

JON COUPAL, President
Howard Jarvis Taxpayers Association

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 23 ★

Two Texas oil companies paid millions of dollars to put Prop. 23 on the ballot, and are paying millions more to promote Prop. 23 with a deceptive campaign.

There's much more than climate change at stake . . . Prop. 23 threatens public health and our economy.

Prop. 23 is a Dirty Energy Proposition that would:

- Kill vitally needed clean energy and air pollution standards.
- Kill competition from California's wind, solar and alternative fuel companies.
- Jeopardize nearly 500,000 jobs in California.
- Result in higher energy costs for consumers.

RESPECTED ORGANIZATIONS AND LEADERS WARN PROP. 23 is DECEPTIVE, DANGEROUS, and COSTLY.

Dr. Charles D. Kolstad, Chair, Department of Economics, University of California-Santa Barbara:

"Prop. 23 will not help the California economy. In fact, Prop. 23 will cause the loss of California jobs in the clean energy field, one sector of our economy producing significant job growth."

The League of Women Voters of California:

"Claims by its promoters that 23 would only be in place for a short time are FALSE. Prop. 23 effectively repeals clean energy and air pollution standards indefinitely, and jeopardizes dozens of regulations that promote energy efficiency and pollution reduction."

American Lung Association in California:

"Prop. 23 would allow polluters to avoid laws that require them to reduce harmful greenhouse gases and air pollution. 23 is a serious threat to public health."

Look into the FACTS, and Vote NO on 23.

www.StopDirtyEnergyProp.com

LOU PAULSON, President
California Professional Firefighters

JANE WARNER, President
American Lung Association in California

DR. CHARLES D. KOLSTAD, Chairman
Department of Economics, University of California-Santa Barbara

PROP 23 SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

★ ARGUMENT AGAINST PROPOSITION 23 ★

TEXAS OIL COMPANIES DESIGNED PROP. 23 to KILL CALIFORNIA CLEAN ENERGY and AIR POLLUTION STANDARDS.

Big Texas oil companies and state politicians who receive oil company money designed Prop. 23 to repeal clean energy and air pollution standards in California.

Those oil companies are spending millions on a DECEPTIVE CAMPAIGN to promote Prop. 23 because 23 would allow them and other polluters to escape accountability and increase their profits.

PROP. 23 is a DIRTY ENERGY PROPOSITION that MEANS MORE AIR POLLUTION and INCREASED HEALTH RISKS—*Vote NO.*

Prop. 23's main backers, the Valero and Tesoro oil companies, are among the worst polluters in California. They're using 23 to *repeal portions of the health and safety code* that require them to reduce air pollution at their California refineries.

"Prop. 23 would result in more air pollution that would lead to more asthma and lung disease, especially in children and seniors. Vote NO." —American Lung Association in California

PROP. 23 is a JOB KILLER—THREATENING HUNDREDS of THOUSANDS of CALIFORNIA JOBS.

Across California, clean energy companies are sprouting up and building wind and solar power facilities that provide us with clean power, built right here by California workers.

By repealing clean energy laws, Prop. 23 would put many of these California companies out of business, kill a homegrown industry that is creating hundreds of thousands of California jobs, and damage our overall economy.

"California is the hub of innovation and investment in clean energy technologies and businesses. But Prop. 23 would reverse the state's clean energy laws, jeopardizing billions in economic growth and hundreds of thousands of jobs."—Sue Kateley, Executive Director, California Solar Energy Industries Association, representing more than 200 solar energy small businesses.

The independent, nonpartisan Legislative Analyst Office says 23 could *"dampen additional investment in clean energy technologies by private firms, thereby resulting in less economic activity than otherwise would be the case."*

PROP. 23 WOULD JEOPARDIZE:

- 12,000 California-based clean energy businesses
- Nearly 500,000 existing California clean energy jobs
- More than $10 billion in private investment in California

PROP. 23 WOULD KEEP US ADDICTED to COSTLY OIL—*Vote NO.*

By killing incentives for clean energy, 23 reduces choices for consumers already facing high gas and electricity costs.

"Prop. 23 would keep consumers stuck on costly oil and subject consumers to spiking energy prices."—Consumers Union, publisher of Consumer Reports Magazine

OUR OIL ADDICTION THREATENS NATIONAL SECURITY. PROP. 23 MAKES IT WORSE.

Prop. 23 would harm efforts to reduce our dependence on foreign oil that comes from countries that support terrorism and are hostile to the United States.

JOIN PUBLIC HEALTH ADVOCATES, CLEAN ENERGY COMPANIES and SMALL BUSINESSES: VOTE NO on 23.

Prop. 23 is OPPOSED by:

• American Lung Association in California • Coalition for Clean Air • AARP • League of Women Voters of California • More than 50 leading environmental organizations • LA Business Council • More than 200 solar and wind energy companies • Hundreds of other businesses across California

STOP the TEXAS OIL COMPANIES' DIRTY ENERGY PROPOSITION.

Vote NO on 23.
www.StopDirtyEnergyProp.com

JANE WARNER, President
American Lung Association in California

LINDA ROSENSTOCK, M.D., Dean
UCLA School of Public Health

DAVID PACHECO, President
AARP California

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 23 ★

DON'T BE MISLED

Proposition 23 *only* impacts California's global warming law. Opponents never mention global warming because the *law won't reduce global warming.*

VOTERS HAVE A CHOICE

YES on 23 saves jobs, prevents energy tax increases, and helps families, while preserving California's clean air and water laws.

NO on 23 imposes a massive energy tax on consumers, kills over a million jobs, and doesn't reduce global warming.

PROPOSITION 23 PROTECTS THE ENVIRONMENT AND PUBLIC HEALTH

Proposition 23 temporarily postpones greenhouse gas regulations, which have no direct public health impacts. It doesn't affect laws protecting air and water quality or laws combating asthma and lung disease.

PROPOSITION 23 SAVES JOBS, DOESN'T DISCOURAGE GREEN JOBS

Other states without our global warming law have stronger wind energy and renewable fuels industries than California.

2.3 million Californians are unemployed and *Prop. 23 will save over a million jobs* that would otherwise be eliminated.

YES ON 23—CALIFORNIA CAN'T AFFORD NEW ENERGY TAXES

Proposition 23 saves poor and working families from $3800 annually in increased prices for everyday necessities, including HIGHER:

• electricity and natural gas bills • gasoline prices • food prices

YES ON 23—JOIN CONSUMERS, TAXPAYERS, SMALL BUSINESS AND FAMILIES

Proposition 23's diverse coalition includes:

• California State Firefighters Association • California Small Business Association • National Tax Limitation Committee • Construction workers • Local air quality officials

OTHER STATES AND COUNTRIES POSTPONED THEIR GLOBAL WARMING LAWS TO PROTECT THEIR ECONOMIES, CALIFORNIA SHOULD TOO.

CALIFORNIA CAN'T AFFORD A SELF-IMPOSED GLOBAL WARMING TAX THAT WON'T REDUCE GLOBAL WARMING!

www.yeson23.com

BRAD MITZELFELT, Governing Board Member
Mojave Desert Air Quality Management District

J. ANDREW CALDWELL, Executive Director
The Coalition of Labor, Agriculture & Business

JAMES W. KELLOGG, International Representative
United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry

PROPOSITION
24 REPEALS RECENT LEGISLATION THAT WOULD ALLOW BUSINESSES TO LOWER THEIR TAX LIABILITY. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

REPEALS RECENT LEGISLATION THAT WOULD ALLOW BUSINESSES TO LOWER THEIR TAX LIABILITY. INITIATIVE STATUTE.

- Repeals recent legislation that would allow businesses to shift operating losses to prior tax years and that would extend the period permitted to shift operating losses to future tax years.
- Repeals recent legislation that would allow corporations to share tax credits with affiliated corporations.
- Repeals recent legislation that would allow multistate businesses to use a sales-based income calculation, rather than a combination property-, payroll-, and sales-based income calculation.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased state revenues of about $1.3 billion each year by 2012–13 from higher taxes paid by some businesses. Smaller increases in 2010–11 and 2011–12.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

This proposition would change three provisions of California's laws for taxing businesses. As indicated below, these provisions have been changed recently as part of state budget agreements between the Legislature and the Governor. Under current law, all of these recent changes will be in effect by the 2011 tax year.

Businesses' Use of Financial Losses. Under federal and state tax laws, in a year when a business has more deductible expenses than income, the business has a net operating loss (NOL). A business with an NOL in one year generally can use it to reduce its taxes when it makes a profit in some later years. This is known as a "carryforward" of losses. Federal tax law also allows businesses to "carry back" losses. In other words, federal law allows a business to use an NOL from one year to reduce its taxes in an earlier year. These mechanisms—both carryforwards and carrybacks—have been put in place to recognize that business income and/or expenses can vary significantly from year to year.

A law approved by the Legislature and the Governor in 2008 allows carrybacks for state business taxes for the first time, starting in 2011. Specifically, this new law will allow a business to use an NOL from 2011 or later to reduce its state taxes for the two years before the NOL was generated. For example, a business that had profits and paid taxes in 2009 but has a loss in 2011 may deduct its 2011 NOL against its 2009 taxable income. The business would file an amended tax return for 2009 and receive a tax refund. In addition, the 2008 law extends the carryforward time allowed from 10 years to 20 years.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Determination of Income of Multistate Businesses' Taxed by California. Businesses often operate in many states. To determine how much of the income of a multistate business is taxed by the state, California law now uses a formula that involves three factors:

- ***Property.*** The value of the business' properties in California compared to the value of its properties throughout the nation.
- ***Payroll.*** The value of the business' compensation to its employees in California compared to the value of its compensation to its employees throughout the nation.
- ***Sales.*** The value of the business' sales in California compared to the value of its sales throughout the United States. (For most businesses, this factor counts more heavily than the others.)

A law approved by the Legislature and the Governor in 2009 will give multistate businesses a new way to determine how much of their income that California taxes. Starting in 2011 under this new law, most multistate businesses will be able to choose each year between two formulas to set the level of income California can tax. Businesses' two options will be: (1) the three-factor formula currently in use (described above), or (2) a new formula based only on the portion of their overall national sales that are in California (known as the "single sales" factor). A business typically will select the formula that minimizes its California taxes. A business would be allowed to switch back and forth between the two formulas.

Ability of Businesses to Share Tax Credits. California tax law allows tax credits that can reduce a business' taxes. If, for example, a business is able to use tax credits worth $1 million, this reduces the business' state taxes by $1 million. These tax credits are given to businesses doing certain things that the state wants to encourage. For example, a business that spends money in California to develop a new technology product may earn a "research and development" tax credit. If a business has credits which exceed the amount of taxes it owes in a given year, it will have unused credits. (Typically, these unused credits can be carried forward to be used in future years.)

Many business organizations consist of a group of business entities. This is called a "unitary group" if it meets certain conditions, such as operating jointly or operating under the same management. For example, one business in a group may develop a product, and another business in the group may sell that product. Tax credits are given to individual business entities—not unitary groups.

A law approved by the Legislature and the Governor in 2008 allows a business with available tax credits to transfer unused tax credits to another business in the same group. Shared credits can be used to reduce taxes in 2010 and later years. There are certain limitations to this credit sharing in the law. Some of these credits have been transferred already.

For text of Proposition 24, see page 106.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

PROPOSAL

This proposition repeals the business tax law changes passed in 2008 and 2009 described above. As such, this measure would return tax policies in these areas to the way they were prior to the recent law changes. The effects of this proposition are summarized in Figure 1.

Restricts Ability of a Business to Use Operating Losses to Lower Taxes. This proposition prevents a business from using an NOL carryback to reduce its taxes for previous years. Businesses could still use NOLs to reduce their taxes in future years—though they would have 10 years to use each NOL, rather than 20 years.

Figure 1

Effects of Proposition 24 on California Business Tax Law

Issue	Prior Law[a]	Current Law	Law if Proposition 24 Passes
Use of Operating Losses	*Carrybacks.* Business losses cannot be used to get refunds of taxes previously paid.	*Carrybacks.* Beginning in 2010, business losses can be used to get refunds of taxes paid in the prior two years.	Same as prior law.
	Carryforwards. Businesses can use losses to offset income in the 10 years following the loss.	*Carryforwards.* Beginning in 2010, businesses can use losses to offset income in the 20 years following the loss.	Same as prior law.
Income of Multistate Businesses	A single formula determines the level of a multistate business' income that California taxes based on the business' sales, property, and payroll in California.	Beginning in 2011, most multistate businesses will choose every year between two options to determine the level of income that California can tax: (1) the formula under prior law, or (2) a formula that considers only the business' sales in California relative to its national sales.	Same as prior law.
Tax Credit Sharing	Tax credits given to a business entity can only reduce that entity's taxes. That entity cannot share its tax credits with entities in the same group of businesses.	Beginning in 2010, tax credits given to a business entity can be used to reduce the taxes of other entities in the same group of related businesses.	Same as prior law.

[a] State law prior to changes adopted as part of 2008 and 2009 budget agreements.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Ends Ability of a Multistate Business to Choose How Its California Income Is Determined. This proposition eliminates the option that multistate businesses will have to choose between two formulas to determine the portion of their income subject to California state taxes. Instead, businesses' taxable income in California would continue to be determined based on the formula currently in use which considers businesses' sales, property, and payroll. (The tax law used for businesses that only do business in California would be unchanged by this part of the proposition.)

Ends Ability of a Business to Share Tax Credits Within a Unitary Group. This proposition prevents business entities within a unitary group from sharing tax credits in the future. (While it is not certain, it appears that businesses would be able to use tax credits that already have been transferred to them.)

FISCAL EFFECTS

Increased State Revenues. This proposition would increase state General Fund revenues by increasing the taxes paid by businesses. When fully implemented by 2012–13, revenues would increase by an estimated $1.3 billion each year. There would be smaller increases in 2010–11 and 2011–12. More than one-half of these estimated increased taxes would be paid by multistate businesses as a result of the elimination of the single sales factor option.

Effects on Education Funding and the State's General Fund. Proposition 98 (passed by the voters in 1988) determines the minimum amount of state and local funding for K–12 schools and community colleges each year. Under the formulas of Proposition 98, a significant part of Proposition 24's revenue increases would be allocated to schools and community colleges. The remaining revenues would be available to the Legislature and the Governor for any purpose.

For text of Proposition 24, see page 106.

PROP 24 REPEALS RECENT LEGISLATION THAT WOULD ALLOW BUSINESSES TO LOWER THEIR TAX LIABILITY. INITIATIVE STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 24 ★

A Yes vote on Prop. 24, the "Tax Fairness Act," ends $1.7 billion in special corporate tax loopholes that don't require the creation or protection of one single California job. Vote Yes because we need jobs, not more big corporate tax loopholes!

During the recent state budget disaster, legislators and big corporations cut a deal behind closed doors which raises your taxes. That deal with legislators included $18 billion in tax hikes for you and huge tax breaks for big corporations. These same corporations made no guarantees that a single job would be created or saved to get this handout. That's why these tax breaks should be repealed. A Yes vote on Prop. 24 will end this bad deal.

If you're worried that Prop. 24 would hurt California's small businesses, don't fall for those scare tactics. Here are the facts:

Prop. 24 will end tax loopholes that unfairly benefit less than 2% of California's businesses that are the wealthiest, multi-state corporations. 98% of California's businesses, especially small businesses, would get virtually no benefit from the tax breaks.

Corporations that are paying to defeat Prop. 24 and keep these loopholes are paying their CEOs over $8.5 billion, and made over $65 billion in profits last year, while at the same time laying off over 100,000 workers.

By voting Yes on Prop. 24, we can keep the Legislature from making even deeper cuts in public schools, health care and public safety. During last year's budget disaster, the Legislature made $30 billion in cuts that resulted in 16,000 teacher layoffs, and put 6,500 prisoners back on the street. But they gave corporations $1.7 billion in tax breaks. Prop. 24 will make big corporations pay their fair share and put $1.7 billion back into the treasury for our students, classrooms, police and fire services and health care we really need.

These unfair corporate tax loopholes put an even bigger burden on the average individual taxpayer. At the same time the Legislature gave corporations $1.7 billion in tax breaks every year, they RAISED $18 billion in taxes on people like you.

Republicans have joined Democrats in support of Prop. 24 because it stops Sacramento from using our tax system to play favorites. When Sacramento politicians passed targeted tax cuts last year, they were saying big corporations deserve a tax break, but average Californians don't.

Vote Yes on Prop. 24 to ensure tax fairness so big corporations have to play by the same rules as the rest of us.

Instead of creating unfair tax loopholes for giant out-of-state corporations, we could be giving tax incentives to California's small businesses that actually create jobs for Californians. Vote Yes to help our small businesses and put $1.7 billion back into the treasury to help our students, schools and public safety.

Voting Yes on Prop. 24 tells the Legislature to get its priorities straight by putting schools and public safety ahead of tax loopholes for corporations.

DAVID A. SANCHEZ, President
California Teachers Association
JANIS R. HIROHAMA, President
League of Women Voters of California
LENNY GOLDBERG, Executive Director
California Tax Reform Association

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 24 ★

Proposition 24's proponents never met a tax they didn't like. They won't reduce lavish public pensions, yet have no problem raising taxes on everyone else. Sacramento politicians already increased taxes on families and businesses $18 billion. Proponents want even more.

HIGHER TAXES ON SMALL BUSINESSES

Proponents falsely claim it only hits big corporations, but State Franchise Tax Board records show Proposition 24 could impact 120,000 businesses. Small businesses can't survive more tax increases:

"We are struggling to keep our doors open and keep jobs for our employees and their families. Small businesses can't afford Proposition 24." —Terry Maxwell, T.L. Maxwell's Restaurant

CALIFORNIA NEEDS JOBS, NOT A JOBS *TAX*

It taxes job creation in our most promising industries (high tech, biotech, and clean tech) and hits businesses with another $1.7 billion tax increase—more layoffs, more companies and jobs leaving California. 2,000,000 Californians are already out of work. Isn't that enough?

LESS MONEY FOR VITAL SERVICES

Proponents failed to include language to guarantee proper expenditure of the tax increase, leaving it up to the same politicians who misspent us into debt. Worse, Proposition 24 would dramatically slow down our economic recovery, leaving fewer long-term revenues for classrooms, public safety, services for seniors and others.

Everyone is suffering in this economy. Proposition 24 would make things worse by eliminating the tax updates necessary to rebuild our economy and grow jobs and reducing long-term revenues for schools and other services. A LOSE, LOSE proposition.

STOP THE JOBS TAX—NO ON 24
www.StopProp24.com

KENNETH A. MACIAS, Statewide Elected Chair
California Hispanic Chambers of Commerce
WILLIAM J. HUME, Past Vice-President
California State Board of Education
DR. JOSEPH L. BRIDGES, President & Chief Executive Officer
The Seniors Coalition

PROP 24 REPEALS RECENT LEGISLATION THAT WOULD ALLOW BUSINESSES TO LOWER THEIR TAX LIABILITY. INITIATIVE STATUTE.

★ ARGUMENT AGAINST PROPOSITION 24 ★

VOTE NO ON PROPOSITION 24—STOP THE JOBS TAX!

Make no mistake, Proposition 24:

- DOESN'T guarantee a single dollar will go into our classrooms, public safety or other vital programs, and would in fact REDUCE long-term revenues for these services
- *DOESN'T close a single loophole*

Instead, Proposition 24:

- Hits consumers and employers with $1.7 billion in higher taxes—every year
- Gives Sacramento politicians a BLANK CHECK to spend billions with *NO accountability*
- Would cost California 144,000 jobs
- Taxes employers for creating jobs in California
- Stifles job growth in our most promising industries

PROPOSITION 24 HURTS SMALL BUSINESSES AND SENDS JOBS *OUT OF CALIFORNIA*

Small businesses are the backbone of our economy, but in this recession they've taken a hit, forcing them to lay off employees, reduce salaries and even close up shop.

"Last year, small business bankruptcies in California rose 81%. I own a small business. Proposition 24 is just one more tax burden we can't afford."—John Mullin, Owner, Pacific M Painting

Proposition 24 will eliminate the job-creating tax incentives that help small businesses survive the down economy, forcing more companies OUT OF BUSINESS and more families OUT OF WORK.

CALIFORNIA FAMILIES CAN'T AFFORD PROPOSITION 24's NEW TAXES

California has one of the *WORST* tax climates for businesses, ranking 48 out of the 50 states.

Proposition 24 makes it even worse, hitting small businesses and employers with billions in higher taxes that are passed on to consumers in the form of higher prices for goods and services.

- More than 2 *million* Californians are unemployed.
- 12.4% unemployment—among the highest in the nation.
- 120,000 California businesses could be impacted by Proposition 24, according to California's Franchise Tax Board.

PROPOSITION 24 WILL LEAD TO FEWER JOBS FOR CALIFORNIANS

Proposition 24 repeals recent state tax updates desperately needed to grow our economy and put Californians back to work. Proposition 24 taxes new job creation and penalizes businesses when they try to expand in California. Twenty-three *other states,* like New York, Oregon and Texas, have updated their tax systems and California finally did too, but Proposition 24 will take our state back to an outdated, anti-competitive system.

Proposition 24 is a short-sighted scheme that closes the door on *JOBS* when we can least afford it. Fewer jobs mean LESS long-term revenues for schools, public safety and other vital services.

PROPOSITION 24—A GIANT STEP BACKWARD

Proposition 24 penalizes job growth and encourages businesses to expand into OTHER states—taking good jobs and tax revenue with them.

Proposition 24 taxes new jobs created by high tech, clean tech, biotech and other promising industries—jobs that could lead our economic recovery. California's non-partisan Legislative Analyst's Office says that under Proposition 24: "businesses . . . may cut back their planned California operations."

JOIN SMALL BUSINESSES, TAXPAYERS AND OTHERS AND VOTE NO ON PROPOSITION 24!

- California Association of Independent Business
- BayBio
- Silicon Valley Leadership Group
- California Chamber of Commerce
- TechNet

VOTE NO ON 24—STOP THE JOBS TAX, KEEP JOBS IN CALIFORNIA!

www.StopProp24.com

TERESA CASAZZA, President
California Taxpayers' Association
MARIAN BERGESON, Former California Secretary of Education
BILL LA MARR, Executive Director
California Small Business Alliance

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 24 ★

A Yes Vote on Prop. 24, the "Tax Fairness Act," ends $1.7 BILLION in new special tax breaks to multi-state corporations with no requirement to create one new job. $1.7 billion that is desperately needed for our public schools, health care and public safety.

That's why teachers, nurses, small businesses, and public safety groups urge you to vote YES on Prop. 24.

The scare tactics and distortions made by opponents of Prop. 24 illustrate how desperate these multi-state corporations and their CEOs are to take advantage of these additional tax breaks while ordinary Californians foot the bill.

Prop. 24 would prevent:

- 6 multi-state corporations from receiving new tax cuts averaging $23.5 million each in 2013–14.
- 87% of the benefits from one tax break to go to 0.03% of California corporations. They have gross incomes over $1 billion.

A YES vote on Prop. 24 ends these unfair new tax breaks before they can take effect. That's Tax Fairness!

Make no mistake. A Yes vote *will not* raise ordinary Californians' taxes. A Yes vote *will not* cut jobs. A Yes vote *will not* hurt small businesses.

A Yes vote *will* stop unfair tax breaks that would go to some of the largest corporations in the nation, whose greed knows no end. That's why 12 wealthy, multi-billion dollar corporations have already contributed $100,000 each to defeat Prop. 24. They want more tax breaks they don't have now.

That's why you should vote YES on Prop. 24.

ROB KERTH, President
North Sacramento Chamber of Commerce
MARTIN HITTLEMAN, President
California Federation of Teachers
HANK LACAYO, President
Congress of California Seniors

PROPOSITION

25 CHANGES LEGISLATIVE VOTE REQUIREMENT TO PASS BUDGET AND BUDGET-RELATED LEGISLATION FROM TWO-THIRDS TO A SIMPLE MAJORITY. RETAINS TWO-THIRDS VOTE REQUIREMENT FOR TAXES. INITIATIVE CONSTITUTIONAL AMENDMENT.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

CHANGES LEGISLATIVE VOTE REQUIREMENT TO PASS BUDGET AND BUDGET-RELATED LEGISLATION FROM TWO-THIRDS TO A SIMPLE MAJORITY. RETAINS TWO-THIRDS VOTE REQUIREMENT FOR TAXES. INITIATIVE CONSTITUTIONAL AMENDMENT.

- Changes the legislative vote requirement necessary to pass the state budget and spending bills related to the budget from two-thirds to a simple majority.
- Provides that if the Legislature fails to pass a budget bill by June 15, all members of the Legislature will permanently forfeit any reimbursement for salary and expenses for every day until the day the Legislature passes a budget bill.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- In some years, the contents of the state budget and related legislation could be changed due to the lower legislative vote requirements in this measure. The extent of these changes would depend on a number of factors, including the state's financial circumstances, the composition of the Legislature, and its future actions.
- In any year the Legislature has not sent a budget to the Governor on time, there would be a reduction in state legislator compensation costs of about $50,000 for each late day.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Process for Passing a Budget. The State Constitution gives the Legislature the power to appropriate (that is, allow the spending of) state funds. The annual state budget is the Legislature's primary method of authorizing state expenses for a fiscal year (which runs from July 1 to June 30). The Constitution requires that the Governor propose a budget by January 10 for the next fiscal year. Each of the two houses of the Legislature (the State Assembly and the State Senate) then is required to pass the annual budget bill by June 15 and send it to the Governor. The Governor may either sign the budget approved by the Legislature or veto (reject) all or a part of it. By a two-thirds (67 percent) vote in each house of the Legislature, a veto by the Governor may be overridden. While the Constitution has a date by which the Legislature must *pass* a budget, it does not have a specific date by which a final budget must be *put into law*.

Two-Thirds Vote Requirement for Passage of State Budget. The Constitution requires a two-thirds vote of each house of the Legislature for the passage of "urgency" measures that take effect immediately, bills that increase state tax revenues, and General Fund appropriations (except appropriations for public schools). Because the state budget includes General Fund appropriations and needs to take effect immediately, it requires a two-thirds vote for passage. Certain budget actions, such as a decision to change the services that a state department is mandated to provide, require changing state law. These changes often are included in "trailer bills" that accompany passage of the budget each year. In general, bills passed by the Legislature take effect on January 1 of the next year. In order for trailer bills to take effect immediately, however, they must be passed by a two-thirds vote of each house of the Legislature.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Late Budgets. Since 1980, the Legislature has met its June 15 constitutional deadline for sending a budget to the Governor five times. During that same period, a final budget—passed by the Legislature and approved by the Governor—was in place prior to the July 1 start of the fiscal year on ten occasions, including three times since 2000. When a fiscal year begins without a state budget in place, some state expenses are not paid as scheduled. For example, state elected officials (such as the Governor and Members of the Legislature) have not received salaries after July 1 until a final budget is in place. Salary payments withheld from these officials have been paid in full when the final budget goes into effect.

PROPOSAL

Lowers Legislative Vote Requirements for the Budget Bill and Related Legislation. This measure amends the Constitution to lower the vote requirement necessary for each house of the Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement would be lowered from two-thirds to a majority (50 percent plus one) of each house of the Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the Legislature "as related to the budget in the budget bill." Both the budget bill and these trailer bills would take effect immediately after being signed by the Governor (or on a later date specified in the bill). A two-thirds vote of the Legislature would still be required to override any veto by the Governor. This measure's constitutional provisions do not specifically address the legislative vote requirement for increasing state tax revenues, but the measure states that its intent is not to change the existing two-thirds vote requirement regarding state taxes.

Loss of Pay and Reimbursements by Legislators. In any year when the Legislature has not sent a budget bill to the Governor by June 15, this measure would prohibit Members of the Legislature from collecting any salary or reimbursements for travel or living expenses. This prohibition would be in effect from June 15 until the day that a budget is presented to the Governor. These salaries and expenses could not be paid to legislators at a later date.

FISCAL EFFECTS

State Budget May Be Easier to Approve. This measure could make it easier for the Legislature to send a state budget bill to the Governor. That is because it would lower the voting requirement for the budget from two-thirds to a majority of each house of the Legislature. Given the current composition of each house, this would allow members of the Legislature's majority political party to approve a budget bill without the support of any members of the minority party. Currently, some members of the minority party must support a budget to reach the two-thirds vote requirement.

In some years, the lower vote requirement could affect the content of the budget and bills identified by the Legislature as related to the budget. Spending priorities in a given budget could be different. The extent of these changes would depend on a number of factors—including the state's financial circumstances, the composition of the Legislature, and its future actions. Accordingly, the exact changes that would occur in future state budgets cannot be estimated.

Some Legislative Pay May Be Lost. In years when the Legislature does not send a budget bill to the Governor by the June 15 deadline, Members of the Legislature would lose portions of their annual salaries and reimbursements for living and travel expenses. In such cases, the measure would reduce state costs by around $50,000 per day until a budget bill was sent to the Governor.

For text of Proposition 25, see page 113.

PROP 25 CHANGES LEGISLATIVE VOTE REQUIREMENT TO PASS BUDGET AND BUDGET-RELATED LEGISLATION FROM TWO-THIRDS TO A SIMPLE MAJORITY. RETAINS TWO-THIRDS VOTE REQUIREMENT FOR TAXES. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT IN FAVOR OF PROPOSITION 25 ★

Prop. 25 reforms California's badly broken state budget process, so taxpayers, schools and services are protected, while legislators are held accountable if they fail to pass the budget on time. No budget, no pay—and no payback later.

Prop. 25 is a common sense solution to California's budget disaster, with legislators paying the price for late budgets, not taxpayers.

Prop. 25 is a simple budget reform that breaks legislative gridlock by allowing a simple majority of legislators to approve the budget—just like in 47 other states. Meanwhile, Prop. 25 preserves the 2/3 vote required to raise taxes.

Late budgets cost taxpayers millions of dollars, hurt schools and services, damage California's credit rating and give special treatment to interest groups at the expense of ordinary citizens. Under the current system, no one is held accountable. This will change under Prop. 25—a common sense reform that:

— Holds legislators accountable when they don't do their jobs. For every day the budget is late, legislators are docked a day's pay plus expenses. Importantly, they can't pay themselves back when the budget is finally passed.
— Changes the vote requirement needed for budget approval, so a majority of legislators can pass the budget, instead of allowing a small minority of legislators to hold it captive.
— Preserves the constitutional requirement that 2/3 of the Legislature must approve new or higher taxes.

When last year's budget was late, California issued 450,000 IOUs to small businesses, state workers and others who do business with the state, costing taxpayers over $8 million in interest payments alone.

Under the current system, a small group of legislators can hold the budget hostage, with the "ransom" being more perks for themselves, spending for their pet projects or billions in tax breaks for narrow corporate interests. Meanwhile, taxpayers are punished and funding for schools, public safety and home health care services for seniors and the disabled becomes a bargaining chip. Real people suffer when legislators play games with the budget.

More than 16,000 teachers were laid off last year and 26,000 pink slips were issued this year because of the budget mess. Prop. 25 ends the chaos, allowing schools to plan their budgets responsibly by letting them know what they can expect from the state. This isn't possible when the state budget is late.

Late budgets waste tax money and inflate the cost of building schools and roads. Last year when the budget was late, road projects were shut down then restarted days later, costing taxpayers millions of dollars and further damaging California's credit rating.

Please read Prop. 25 carefully. It does exactly what it says—holds legislators accountable for late budgets, ends budget gridlock and preserves the 2/3 vote required to raise taxes.

For responsible budgeting and fiscal accountability, vote "yes" on Prop. 25.

MARTIN HITTELMAN, President
California Federation of Teachers
KATHY J. SACKMAN, RN, President
United Nurses Associations of California/Union of Health Care Professionals
NAN BRASMER, President
California Alliance for Retired Americans

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 25 ★

THE REAL SUPPORTERS OF PROPOSITION 25 ARE INCUMBENT POLITICIANS AND THEIR SPECIAL INTEREST FRIENDS.

Under Prop. 25, California taxpayers will get more budget gimmicks, borrowing and deficit spending. It makes it easier for the politicians to raise taxes and pass a budget that isn't really balanced.

PROPOSITION 25 IS ANOTHER BACKROOM DEAL BY SACRAMENTO POLITICIANS AND SPECIAL INTERESTS TO RAISE TAXES AND ELIMINATE VOTER RIGHTS when they include these provisions in a budget bill. Buried in the fine print of this measure is language that will:

- Lower the vote requirement for the LEGISLATURE TO RAISE SALES, INCOME AND GAS TAXES.
- ELIMINATE VOTER CONSTITUTIONAL RIGHTS to repeal bad legislation and higher fees through the referendum process.
- Lower the vote requirement for the LEGISLATURE TO INCREASE ITS OWN EXTRAVAGANT TAX-FREE EXPENSE ACCOUNTS. Politicians want us to believe Prop. 25 will penalize them for a late budget, but they'll just make it up in higher expense account payments.

PROPOSITION 25 DOES NOT PROTECT TAXPAYERS.

It changes our Constitution to make it easier for the Sacramento politicians to raise taxes and reward the special interests that put them in office.

"Prop. 25 means higher taxes, bigger deficits and more wasteful spending."—Jon Coupal, Howard Jarvis Taxpayers Association

PROPOSITION 25 DOES NOT HOLD POLITICIANS ACCOUNTABLE.

Instead, it will make it easier for Legislators to pad their own wallets and raise taxes by $40 billion, as proposed by one of the supporters of this measure.

Vote NO on Prop. 25.
www.No25Yes26.com

TERESA CASAZZA, President
California Taxpayers' Association
GABRIELLA HOLT, President
Citizens for California Reform
JOEL FOX, President
Small Business Action Committee

PROP 25 CHANGES LEGISLATIVE VOTE REQUIREMENT TO PASS BUDGET AND BUDGET-RELATED LEGISLATION FROM TWO-THIRDS TO A SIMPLE MAJORITY. RETAINS TWO-THIRDS VOTE REQUIREMENT FOR TAXES. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT AGAINST PROPOSITION 25 ★

NO ON PROPOSITION 25—DON'T MAKE IT EASIER FOR POLITICIANS TO RAISE TAXES AND ELIMINATE VOTER RIGHTS

Politicians and special interests responsible for our massive budget deficit know that Californians don't support increased taxes and spending, so they're promoting Proposition 25—another misleading ballot measure to raise taxes and take away our constitutional right to reject bad legislation at the ballot box.

HIDDEN IN THE FINE PRINT OF PROPOSITION 25 ARE THE REAL REASONS POLITICIANS ARE PUSHING THIS MEASURE:

- Eliminates the right of voters to use the referendum to force a vote and stop taxes disguised as fees.
- Allows politicians to circumvent our Constitution's two-thirds vote requirement for passing new or increased taxes by allowing taxes to be enacted as part of the budget with a bare majority vote.
- Makes it easier for politicians to increase their lavish expense accounts. Currently, they can increase these perks only with a two-thirds vote of the Legislature. But under Proposition 25, they would be able to increase them with a bare majority vote.

NO ON PROPOSITION 25—DON'T BE FOOLED BY THE POLITICIANS

The politicians behind Proposition 25 are the same people who can't control spending and can't balance our budget. Instead of cutting waste and controlling spending, their solution is to raise taxes.

NO ON PROPOSITION 25—STOP THE POLITICIANS FROM GETTING EVEN LARGER EXPENSE ACCOUNTS

Sacramento politicians support this misleading proposal to try and convince voters that they will cut their own pay if they can't pass an on-time budget.

Politicians would NEVER support an initiative that would cost them. Proposition 25 makes it easier for the politicians to *double or even triple their own TAX-FREE expense* accounts to make up the difference for any lost pay.

NO ON PROPOSITION 25—IT'S NOT WHAT IT SEEMS

More Spending:

The hidden agenda in Proposition 25 makes it easier for politicians to raise taxes, spend money we don't have and incur *more* debt. With a budget deficit of $20 billion, we don't need more borrowing or budget gimmicks.

Eliminates Voter Rights:

Proposition 25 allows politicians to put new hidden taxes disguised as fees into budget-related bills, which eliminates voters' constitutional right to use the referendum process to reject these hidden taxes or other bad laws at the ballot.

"Our ability to reject hidden taxes is California taxpayers' last line of defense against a misguided Legislature. We cannot let the politicians take away that right."—California Taxpayers' Association

PROPOSITION 25's HIDDEN AGENDA:

- Lowers the vote requirement for passing a budget from two-thirds to a bare majority vote, making it easier to use gimmicks and claim the budget is balanced when it's not.
- Allows the state Legislature to pass tax increases as part of the budget with a bare majority vote.
- Eliminates voter rights to use the referendum process to reject hidden taxes and repeal bad laws at the ballot.
- Allows the Legislature to increase their lavish expense accounts with a bare majority vote.

Learn more: *www.No25Yes26.com*

VOTE NO ON PROPOSITION 25

JON COUPAL, President
Howard Jarvis Taxpayers Association
JOHN KABATECK, Executive Director
National Federation of Independent Business/California
RUBEN GUERRA, Chairman
Latin Business Association

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 25 ★

Prop. 25 will NOT make it easier to raise taxes. This is a false, desperate argument by people who want to keep things the same in Sacramento. Nor does it take away your right to vote.

Prop. 25 isn't about taxes. It's about holding legislators accountable and ending California's yearly budget crisis.

California's Attorney General and the state's non-partisan Legislative Analyst have officially stated that Prop. 25 does NOT lessen the vote required to raise taxes. In fact, Prop. 25 specifically says, "This measure WILL NOT CHANGE the two-thirds vote requirement for the Legislature to raise taxes."

Prop. 25 will make the Legislature work better, where chronically late budgets now punish schools and hurt vital services, damage our economy and cost taxpayers over $50 million every day the budget is late.

Prop. 25 helps fix the problem in two ways.

First, it prevents legislators from collecting pay and benefits every day they fail to pass an on-time budget—money they can't recover when they do pass the budget. Prop. 25 holds legislators accountable when they fail to do their jobs.

Second, Prop. 25 allows a majority of legislators to approve the budget—just like 47 other states. No longer can a handful of legislators hold the budget hostage, forcing last-minute deals that hurt taxpayers AND democracy.

If you agree it's time for legislators to do their jobs by passing the budget on time, vote "YES" on Prop. 25. With California in crisis, we need a Legislature that works.

JANIS R. HIROHAMA, President
League of Women Voters of California
BILL LOCKYER, California State Treasurer
RICHARD HOLOBER, Executive Director
Consumer Federation of California

PROPOSITION 26

REQUIRES THAT CERTAIN STATE AND LOCAL FEES BE APPROVED BY TWO-THIRDS VOTE. FEES INCLUDE THOSE THAT ADDRESS ADVERSE IMPACTS ON SOCIETY OR THE ENVIRONMENT CAUSED BY THE FEE-PAYER'S BUSINESS. INITIATIVE CONSTITUTIONAL AMENDMENT.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

REQUIRES THAT CERTAIN STATE AND LOCAL FEES BE APPROVED BY TWO-THIRDS VOTE. FEES INCLUDE THOSE THAT ADDRESS ADVERSE IMPACTS ON SOCIETY OR THE ENVIRONMENT CAUSED BY THE FEE-PAYER'S BUSINESS. INITIATIVE CONSTITUTIONAL AMENDMENT.

- Requires that certain state fees be approved by two-thirds vote of Legislature and certain local fees be approved by two-thirds of voters.
- Increases legislative vote requirement to two-thirds for certain tax measures, including those that do not result in a net increase in revenue, currently subject to majority vote.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Decreased state and local government revenues and spending due to the higher approval requirements for new revenues. The amount of the decrease would depend on future decisions by governing bodies and voters, but over time could total up to billions of dollars annually.
- **Additional state fiscal effects from repealing recent fee and tax laws: (1) increased transportation program spending and increased General Fund costs of $1 billion annually, and (2) unknown potential decrease in state revenues.**

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

State and local governments impose a variety of taxes, fees, and charges on individuals and businesses. Taxes—such as income, sales, and property taxes—are typically used to pay for general public services such as education, prisons, health, and social services. Fees and charges, by comparison, typically pay for a particular service or program benefitting individuals or businesses. There are three broad categories of fees and charges:

- User fees—such as state park entrance fees and garbage fees, where the user pays for the cost of a specific service or program.
- Regulatory fees—such as fees on restaurants to pay for health inspections and fees on the purchase of beverage containers to support recycling programs. Regulatory fees pay for programs that place requirements on the activities of businesses or people to achieve particular public goals or help offset the public or environmental impact of certain activities.
- Property charges—such as charges imposed on property developers to improve roads leading to new subdivisions and assessments that pay for improvements and services that benefit the property owner.

Figure 1

Approval Requirements: State and Local Taxes, Fees, and Charges

	State	Local
Tax	Two-thirds of each house of the Legislature for measures increasing state revenues.	• Two-thirds of local voters if the local government specifies how the funds will be used. • Majority of local voters if the local government does not specify how the funds will be used.
Fee	Majority of each house of the Legislature.	Generally, a majority of the governing body.
Property Charges	Majority of each house of the Legislature.	Generally, a majority of the governing body. Some also require approval by a majority of property owners or two-thirds of local voters.

ANALYSIS BY THE LEGISLATIVE ANALYST **CONTINUED**

State law has different approval requirements regarding taxes, fees, and property charges. As Figure 1 shows, state or local governments usually can create or increase a fee or charge with a majority vote of the governing body (the Legislature, city council, county board of supervisors, etc.). In contrast, increasing tax revenues usually requires approval by two-thirds of each house of the state Legislature (for state proposals) or a vote of the people (for local proposals).

Disagreements Regarding Regulatory Fees. Over the years, there has been disagreement regarding the difference between regulatory fees and taxes, particularly when the money is raised to pay for a program of broad public benefit. In 1991, for example, the state began imposing a regulatory fee on businesses that made products containing lead. The state uses this money to screen children at risk for lead poisoning, follow up on their treatment, and identify sources of lead contamination responsible for the poisoning. In court, the Sinclair Paint Company argued that this regulatory fee was a tax because: (1) the program provides a broad public benefit, not a benefit to the regulated business, and (2) the companies that pay the fee have no duties regarding the lead poisoning program other than payment of the fee.

In 1997, the California Supreme Court ruled that this charge on businesses was a regulatory fee, not a tax. The court said government may impose regulatory fees on companies that make contaminating products in order to help correct adverse health effects related to those products. Consequently, regulatory fees of this type can be created or increased by (1) a majority vote of each house of the Legislature or (2) a majority vote of a local governing body.

PROPOSAL

This measure expands the definition of a tax and a tax increase so that more proposals would require approval by two-thirds of the Legislature or by local voters. Figure 2 summarizes its main provisions.

Figure 2

Major Provisions of Proposition 26

✓ **Expands the Scope of What Is a State or Local Tax**
- Classifies as taxes some fees and charges that government currently may impose with a majority vote.
- As a result, more state revenue proposals would require approval by two-thirds of each house of the Legislature and more local revenue proposals would require local voter approval.

✓ **Raises the Approval Requirement for Some State Revenue Proposals**
- Requires a two-thirds vote of each house of the Legislature to approve laws that increase taxes on any taxpayer, even if the law's overall fiscal effect does not increase state revenues.

✓ **Repeals Recently Passed, Conflicting State Laws**
- Repeals recent state laws that conflict with this measure, unless they are approved again by two-thirds of each house of the Legislature. Repeal becomes effective in November 2011.

For text of Proposition 26, see page 114.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Definition of a State or Local Tax

Expands Definition. This measure broadens the definition of a state or local tax to include many payments currently considered to be fees or charges. As a result, the measure would have the effect of increasing the number of revenue proposals subject to the higher approval requirements summarized in Figure 1. Generally, the types of fees and charges that would become taxes under the measure are ones that government imposes to address health, environmental, or other societal or economic concerns. Figure 3 provides examples of some regulatory fees that could be considered taxes, in part or in whole, under the measure. This is because these fees pay for many services that benefit the public broadly, rather than providing services directly to the fee payer. The state currently uses these types of regulatory fees to pay for most of its environmental programs.

Certain other fees and charges also could be considered to be taxes under the measure. For example, some business assessments could be considered to be taxes because government uses the assessment revenues to improve shopping districts (such as providing parking, street lighting, increased security, and marketing), rather than providing a direct and distinct service to the business owner.

Some Fees and Charges Are Not Affected. The change in the definition of taxes would not affect most user fees, property development charges, and property assessments. This is because these fees and charges generally comply with Proposition 26's requirements already, or are exempt from its provisions. In addition, most other fees or charges in existence at the time of the November 2, 2010 election would not be affected unless:

- The state or local government later increases or extends the fees or charges. (In this case, the state or local government would have to comply with the approval requirements of Proposition 26.)
- The fees or charges were created or increased by a state law—passed between January 1, 2010 and November 2, 2010—that conflicts with Proposition 26 (discussed further below).

Approval Requirement for State Tax Measures

Current Requirement. The State Constitution currently specifies that laws enacted "for the purpose

Figure 3

Regulatory Fees That Benefit the Public Broadly

Oil Recycling Fee

The state imposes a regulatory fee on oil manufacturers and uses the funds for:

- Public information and education programs.
- Payments to local used oil collection programs.
- Payment of recycling incentives.
- Research and demonstration projects.
- Inspections and enforcement of used-oil recycling facilities.

Hazardous Materials Fee

The state imposes a regulatory fee on businesses that treat, dispose of, or recycle hazardous waste and uses the funds for:

- Clean up of toxic waste sites.
- Promotion of pollution prevention.
- Evaluation of waste source reduction plans.
- Certification of new environmental technologies.

Fees on Alcohol Retailers

Some cities impose a fee on alcohol retailers and use the funds for:

- Code and law enforcement.
- Merchant education to reduce public nuisance problems associated with alcohol (such as violations of alcohol laws, violence, loitering, drug dealing, public drinking, and graffiti).

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

of increasing revenues" must be approved by two-thirds of each house of the Legislature. Under current practice, a law that increases the amount of taxes charged to some taxpayers but offers an equal (or larger) reduction in taxes for other taxpayers has been viewed as not increasing revenues. As such, it can be approved by a majority vote of the Legislature.

New Approval Requirement. The measure specifies that state laws that result in *any* taxpayer paying a higher tax must be approved by two-thirds of each house of the Legislature.

State Laws in Conflict With Proposition 26

Repeal Requirement. Any state law adopted between January 1, 2010 and November 2, 2010 that conflicts with Proposition 26 would be repealed one year after the proposition is approved. This repeal would not take place, however, if two-thirds of each house of the Legislature passed the law again.

Recent Fuel Tax Law Changes. In the spring of 2010, the state increased fuel taxes paid by gasoline suppliers, but decreased other fuel taxes paid by gasoline retailers. Overall, these changes do not raise more state tax revenues, but they give the state greater spending flexibility over their use.

Using this flexibility, the state shifted about $1 billion of annual transportation bond costs from the state's General Fund to its fuel tax funds. (The General Fund is the state's main funding source for schools, universities, prisons, health, and social services programs.) This action decreases the amount of money available for transportation programs, but helps the state balance its General Fund budget. Because the Legislature approved this tax change with a majority vote in each house, this law would be repealed in November 2011—unless the Legislature approved the tax again with a two-thirds vote in each house.

Other Laws. At the time this analysis was prepared (early in the summer of 2010), the Legislature and Governor were considering many new laws and funding changes to address the state's major budget difficulties. In addition, parts of this measure would be subject to future interpretation by the courts. As a result, we cannot determine the full range of state laws that could be affected or repealed by the measure.

FISCAL EFFECTS

Approval Requirement Changes. By expanding the scope of what is considered a tax, the measure would make it more difficult for state and local governments to pass new laws that raise revenues. This change would affect many environmental, health, and other regulatory fees (similar to the ones in Figure 3), as well as some business assessments and other levies. New laws to create—or extend—these types of fees and charges would be subject to the higher approval requirements for taxes.

The fiscal effect of this change would depend on future actions by the Legislature, local governing boards, and local voters. If the increased voting requirements resulted in some proposals not being approved, government revenues would be lower than otherwise would have occurred. This, in turn, likely would result in comparable decreases in state spending.

Given the range of fees and charges that would be subject to the higher approval threshold for taxes, the fiscal effect of this change could be major. Over time, we estimate that it could reduce government revenues and spending statewide by up to billions of dollars annually compared with what otherwise would have occurred.

Repeal of Conflicting Laws. Repealing conflicting state laws could have a variety of fiscal effects. For example, repealing the recent fuel tax laws would increase state General Fund costs by about $1 billion annually for about two decades and increase funds available for transportation programs by the same amount.

Because this measure could repeal laws passed *after* this analysis was prepared and some of the measure's provisions would be subject to future interpretation by the courts, we cannot estimate the full fiscal effect of this repeal provision. Given the nature of the proposals the state was considering in 2010, however, it is likely that repealing any adopted proposals would decrease state revenues (or in some cases increase state General Fund costs). Under this proposition, these fiscal effects could be avoided if the Legislature approves the laws again with a two-thirds vote of each house.

For text of Proposition 26, see page 114.

PROP 26 REQUIRES THAT CERTAIN STATE AND LOCAL FEES BE APPROVED BY TWO-THIRDS VOTE. FEES INCLUDE THOSE THAT ADDRESS ADVERSE IMPACTS ON SOCIETY OR THE ENVIRONMENT CAUSED BY THE FEE-PAYER'S BUSINESS. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT IN FAVOR OF PROPOSITION 26 ★

YES ON PROPOSITION 26: STOP POLITICIANS FROM ENACTING HIDDEN TAXES

State and local politicians are using a loophole to impose Hidden Taxes on many products and services by calling them "fees" instead of taxes. Here's how it works:

At the State Level:

- California's Constitution requires a two-thirds vote of the Legislature for new or increased taxes, but the politicians use a gimmick to get around this by calling their taxes "fees" so they can pass them with only a *bare majority vote.*

At the Local Level:

- Most tax increases at the local level require voter approval. Local politicians have been calling taxes "fees" so they can bypass voters and raise taxes without voter permission—taking away your right to stop these Hidden Taxes at the ballot.

PROPOSITION 26 CLOSES THIS LOOPHOLE

Proposition 26 requires politicians to meet the same vote requirements to pass these Hidden Taxes as they must to raise other taxes, protecting California taxpayers and consumers by requiring these Hidden Taxes to be passed by a two-thirds vote of the Legislature and, at the local level, by public vote.

PROPOSITION 26 PROTECTS ENVIRONMENTAL AND CONSUMER REGULATIONS AND FEES

Don't be misled by opponents of Proposition 26. California has some of the strongest environmental and consumer protection laws in the country. Proposition 26 preserves those laws and PROTECTS LEGITIMATE FEES SUCH AS THOSE TO CLEAN UP ENVIRONMENTAL OR OCEAN DAMAGE, FUND NECESSARY CONSUMER REGULATIONS, OR PUNISH WRONGDOING, and for licenses for professional certification or driving.

DON'T LET THE POLITICIANS CIRCUMVENT OUR CONSTITUTION TO TAKE EVEN MORE MONEY FROM US

Politicians have proposed more than *$10 billion* in Hidden Taxes. Here are a few examples of things they could apply Hidden Taxes to unless we stop them:

- Food
- Gas
- Toys
- Water
- Cell Phones
- Electricity
- Insurance
- Beverages
- Emergency Services
- Entertainment

PROPOSITION 26: HOLD POLITICIANS ACCOUNTABLE

"State politicians already raised taxes by $18 billion. Now, instead of controlling spending to address the budget deficit, they're using this gimmick to increase taxes even more! It's time for voters to STOP the politicians by passing Proposition 26."—Teresa Casazza, California Taxpayers' Association

Local politicians play tricks on voters by disguising taxes as "fees" so they don't have to ask voters for approval. They need to control spending, not use loopholes to raise taxes! It's time to hold them accountable for runaway spending and to stop Hidden Taxes at the local level.

YES ON PROPOSITION 26: PROTECT CALIFORNIA FAMILIES

California families and small businesses can't afford new and higher Hidden Taxes that will kill jobs and hurt families. When government increases Hidden Taxes, consumers and taxpayers pay increased costs on everyday items.

"The best way out of this recession is to grow the economy and create jobs, not increase taxes. Proposition 26 will send a message to politicians that it's time to clean up wasteful spending in Sacramento."—John Kabateck, National Federation of Independent Business/California

VOTE YES ON PROPOSITION 26 TO STOP HIDDEN TAXES—*www.No25Yes26.com*

TERESA CASAZZA, President
California Taxpayers' Association

ALLAN ZAREMBERG, President
California Chamber of Commerce

JOEL FOX, President
Small Business Action Committee

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 26 ★

Do you want corporations to write special protections into California's Constitution?

Should California protect polluters at the expense of public safety?

That's what Prop. 26 is: big oil, tobacco, and alcohol companies want taxpayers to pay for cleaning their mess. As a result, local police and fire departments will have fewer resources to keep us safe.

The claim that Prop. 26 won't harm consumers and the environment is false. Corporations are spending millions misleading voters into thinking that the payments made by companies that pollute or harm public health are "hidden taxes." The campaign's own website cited "Oil severance fee to mitigate oil spill clean up, and build larger response and enforcement capabilities" as a hidden tax.

Here are some other fees they don't want to pay—listed in their own documents:

- Fees on polluters to clean up hazardous waste
- Fees on oil companies for oil spill cleanup
- Fees on tobacco companies for the adverse health effects of tobacco products.

PROPOSITION 26 IS BAD FOR THE ENVIRONMENT, PUBLIC SAFETY, & TAXPAYERS.

The California Professional Firefighters, League of Women Voters of California, California Nurses Association, Sierra Club, Planning & Conservation League, Californians Against Waste, and California Tax Reform Association all oppose 26 because it would force ordinary citizens to pay for the damage done by polluters.

Californians can't afford to clean up polluters' messes when local governments are cutting essential services like police and fire departments.

WE NEED TO PROTECT THE PUBLIC, NOT POLLUTERS! VOTE NO on 26.

RON COTTINGHAM, President
Peace Officers Research Association of California

WARNER CHABOT, Chief Executive Officer
California League of Conservation Voters

PATTY VELEZ, President
California Association of Professional Scientists

PROP 26 REQUIRES THAT CERTAIN STATE AND LOCAL FEES BE APPROVED BY TWO-THIRDS VOTE. FEES INCLUDE THOSE THAT ADDRESS ADVERSE IMPACTS ON SOCIETY OR THE ENVIRONMENT CAUSED BY THE FEE-PAYER'S BUSINESS. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT AGAINST PROPOSITION 26 ★

Should polluters be protected from paying to clean up the damage they do?

Should taxpayers foot the bill instead?

The answer is NO, and that's why voters should reject Proposition 26, the Polluter Protection Act.

Who put Prop. 26 on the ballot? Oil, tobacco, and alcohol companies provided virtually all the funding for this measure, including Chevron, Exxon Mobil, and Phillip Morris.

Their goal: to shift the burden of paying for the damage these companies have done onto the taxpayers.

How does this work? Prop. 26 redefines payments for harm to the environment or public health as tax increases, requiring a 2/3 vote for passage.

Such payments, or pollution fees on public nuisances, would become much harder to enact—leaving taxpayers to foot the bill. California has enough problems without forcing taxpayers to pay for cleaning up after polluting corporations.

Companies that pollute, harm the public health, or create a public nuisance should be required to pay to cover the damage they cause.

But the big oil, tobacco, and alcohol corporations want you, the taxpayer, to pay for cleaning up their messes. That's why these corporations wrote Proposition 26 behind closed doors, with zero public input, and why they put up millions of dollars to get Proposition 26 on the ballot.

Proposition 26 is just another attempt by corporations to protect themselves at the expense of ordinary citizens. The problem isn't taxes "hidden" as fees; it's the oil and tobacco companies hiding their true motives:

- Polluters don't want to pay fees used to clean up hazardous waste.
- Oil companies don't want to pay fees used for cleaning up oil spills and fighting air pollution.
- Tobacco companies don't want to pay fees used for addressing the adverse health effects of tobacco products.
- Alcohol companies don't want to pay fees used for police protection in neighborhoods and programs to prevent underage drinking.

One of the so-called "hidden taxes" identified by the Proposition 26 campaign is a fee that oil companies pay in order to cover the cost of oil spill clean-up, like the one in the Gulf. The oil companies should be responsible for the mess they create, not the taxpayers.

Proposition 26 will harm local public safety and health, by requiring expensive litigation and endless elections in order for local government to provide basic services. Fees on those who do harm should cover such costs as policing public nuisances or repairing damaged roads.

The funds raised by these fees are used by state and local governments for essential programs like fighting air pollution, cleaning up environmental disasters and monitoring hazardous waste. They require corporations such as tobacco companies to pay for the harm they cause.

If Proposition 26 passes, these costs would have to be paid for by the taxpayers.

DON'T PROTECT POLLUTERS. Join California Professional Firefighters, California Federation of Teachers, California League of Conservation Voters, California Nurses Association, Consumer Federation of California, and California Alliance for Retired Americans, and vote NO on 26.

www.stoppolluterprotection.com

JANIS R. HIROHAMA, President
League of Women Voters of California

JANE WARNER, President
American Lung Association in California

BILL MAGAVERN, Director
Sierra Club California

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 26 ★

Proposition 26 fixes a loophole that allows politicians to impose new taxes on businesses and consumers by falsely calling them "fees".

Proposition 26 stops politicians from increasing Hidden Taxes on food, water, cell phones and even emergency services—BILLIONS OF DOLLARS IN HIGHER COSTS THAT CONSUMERS WILL PAY, NOT BIG CORPORATIONS.

Politicians and special interests oppose Prop. 26 because they want to take more money from working California families by putting "fees" on everything they can think of. Their interest is simple—more taxpayer money for the politicians to waste, including on lavish public pensions.

Here are the facts:

Prop. 26 protects legitimate fees and WON'T ELIMINATE OR PHASE OUT ANY OF CALIFORNIA'S ENVIRONMENTAL OR CONSUMER PROTECTION LAWS, including:

- Oil Spill Prevention and Response Act
- Hazardous Substance Control Laws
- California Clean Air Act
- California Water Quality Control Act
- Laws regulating licensing and oversight of Contractors, Attorneys and Doctors

"Proposition 26 doesn't change or undermine a single law protecting our air, ocean, waterways or forests—it simply stops the runaway fees politicians pass to fund ineffective programs."—Ryan Broddrick, former Director, Department of Fish and Game

Here's what Prop. 26 really does:

- *Requires a TWO-THIRDS VOTE OF THE LEGISLATURE FOR PASSING STATEWIDE HIDDEN TAXES* disguised as fees, just like the Constitution requires for regular tax increases.
- *Requires a POPULAR VOTE TO PASS LOCAL HIDDEN TAXES* disguised as fees, just like the Constitution requires for most other local tax increases.

YES on 26—Stop Hidden Taxes. Preserve our Environmental Protection Laws.

www.No25Yes26.com

JOHN DUNLAP, Former Chairman
California Air Resources Board

MANUEL CUNHA, JR., President
Nisei Farmers League

JULIAN CANETE, Chairman
California Hispanic Chamber of Commerce

PROPOSITION

27 ELIMINATES STATE COMMISSION ON REDISTRICTING. CONSOLIDATES AUTHORITY FOR REDISTRICTING WITH ELECTED REPRESENTATIVES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

ELIMINATES STATE COMMISSION ON REDISTRICTING. CONSOLIDATES AUTHORITY FOR REDISTRICTING WITH ELECTED REPRESENTATIVES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

- Eliminates 14-member redistricting commission selected from applicant pool picked by government auditors.
- Consolidates authority for establishing state Assembly, Senate, and Board of Equalization district boundaries with elected state representatives responsible for drawing congressional districts.
- Reduces budget, and imposes limit on amount Legislature may spend, for redistricting.
- Provides that voters will have the authority to reject district boundary maps approved by the Legislature.
- Requires populations of all districts for the same office to be exactly the same.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Possible reduction of state redistricting costs of around $1 million over the next year.
- Likely reduction of state redistricting costs of a few million dollars once every ten years beginning in 2020.

ANALYSIS BY THE LEGISLATIVE ANALYST

This measure returns the responsibility to determine district boundaries of state offices back to the Legislature. Under this measure, the commission recently established by voters to determine these district boundaries would be eliminated.

BACKGROUND

In a process known as "redistricting," the State Constitution requires that the state adjust the boundary lines of districts once every ten years following the federal census for the State Assembly, State Senate, State Board of Equalization (BOE), and California's congressional districts for the U.S. House of Representatives. To comply with federal law, redistricting must establish districts which are roughly equal in population.

Recent Changes to State Legislature and BOE Redistricting. In the past, district boundaries for all of the offices listed above were determined in bills that became law after they were approved by the Legislature and signed by the Governor. On some occasions, when the Legislature and the Governor were unable to agree on redistricting plans, the California Supreme Court performed the redistricting.

In November 2008, voters passed Proposition 11, which created the Citizens Redistricting Commission to establish new district boundaries for the State Assembly, State Senate, and BOE beginning after the 2010 census. To be established once every ten years, the commission will consist of 14 registered voters—5 Democrats, 5 Republicans, and 4 others—who apply for the position and are chosen according to specified rules.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

When the commission sets district boundaries, it must meet the requirements of federal law and other requirements, such as not favoring or discriminating against political parties, incumbents, or political candidates. In addition, the commission is required, to the extent possible, to adopt district boundaries that:

- Maintain the geographic integrity of any city, county, neighborhood, and "community of interest" in a single district. (The commission is responsible for defining "communities of interest" for its redistricting activities.)
- Develop geographically compact districts.
- Place two Assembly districts together within one Senate district and place ten Senate districts together within one BOE district.

Current Congressional Redistricting Process. Currently, California is entitled to 53 of the 435 seats in the U.S. House of Representatives. Proposition 11 did not change the redistricting process for these 53 congressional seats. Currently, therefore, redistricting plans for congressional seats are included in bills that are approved by the Legislature.

Proposition 11, however, did make some changes to the requirements that the Legislature must meet in drawing congressional districts. The Legislature—like the commission—now must attempt to draw geographically compact districts and maintain geographic integrity of localities, neighborhoods, and communities of interest, as defined by the Legislature. Proposition 11, however, does not prohibit the Legislature from favoring or discriminating against political parties, incumbents, or political candidates when drawing congressional districts.

PROPOSAL

This measure amends the Constitution and other state laws to change the way that district boundaries are determined for the State Assembly, State Senate, BOE, and California's seats in the U.S. House of Representatives.

Legislative and BOE Redistricting Returns to Legislature. This measure returns authority to draw district boundaries for the State Assembly, State Senate, and BOE to the Legislature. The responsibility to determine congressional districts would remain with the Legislature. Under this measure, therefore, district boundaries for all of these congressional and state offices would be determined in bills passed by the Legislature. The Citizens Redistricting Commission that was created by Proposition 11 would be eliminated. As a result, the process currently underway for appointing members of that commission would end, and the Legislature would undertake the redistricting resulting from the 2010 and future censuses.

New Requirements for Redistricting Boundaries and Process. Proposition 27 creates certain requirements for district boundaries. Under this measure, the population of each district would be almost equal with other districts for the same office (with a difference in population of no greater than one person). This measure further requires the Legislature to hold hearings before and after district boundary maps are created, as well as provide the public access to certain redistricting data.

For text of Proposition 27, see page 115.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Deletes Some Existing Requirements. This measure also deletes some existing rules on what must be considered during the redistricting process, such as requirements related to:

- Not favoring or discriminating against political parties, incumbents, or political candidates.
- Developing geographically compact districts.
- Placing two Assembly districts together within one Senate district and placing ten Senate districts together within one BOE district.

Two Redistricting-Related Measures on This Ballot. In addition to this measure, another measure on the November 2010 ballot—Proposition 20—concerns redistricting issues. Key provisions of these two propositions, as well as current law, are summarized in Figure 1. If both of these measures are approved by voters, the proposition receiving the greater number of "yes" votes would be the only one to go into effect.

FISCAL EFFECTS

Redistricting Costs Prior to Proposition 11 and Under Current Law. The Legislature spent about $3 million in 2001 from its own budget specifically for redistricting activities, such as the purchase of specialized redistricting software and equipment. In addition to these costs, some regular legislative staff members, facilities, and equipment (which are used to support other day-to-day activities of the Legislature) were used temporarily for redistricting efforts.

In 2009, under the Proposition 11 process, the Legislature approved $3 million from the state's General Fund for redistricting activities related to the 2010 census. In addition, about $3 million has been spent from another state fund to support the application and selection process for commission members. For future redistricting efforts, Proposition 11 requires the commission process to be funded at least at the prior decade's level, grown for inflation. The Legislature currently funds congressional redistricting activities within its budget.

Figure 1

Comparing Key Provisions of Current Law and November 2010 Propositions on the Drawing of Political Districts

	Current Law	Proposition 20	Proposition 27
Entity that draws State Assembly, State Senate, and Board of Equalization (BOE) districts	Citizens Redistricting Commission [a]	Citizens Redistricting Commission	Legislature
Entity that draws California's congressional districts	Legislature	Citizens Redistricting Commission	Legislature
Definition of a "community of interest" [b]	Defined by Citizens Redistricting Commission/Legislature	"A contiguous population which shares common social and economic interests that should be included within a single district for purposes of its effective and fair representation"	Determined by the Legislature

[a] The commission was established by Proposition 11 of 2008.

[b] Under current law and both Proposition 20 and Proposition 27, redistricting entities generally are charged with attempting to hold together a "community of interest" within a district.

ANALYSIS BY THE LEGISLATIVE ANALYST **CONTINUED**

Redistricting Costs Under This Proposal. This measure forbids the Legislature from spending more than $2.5 million for redistricting activities once every ten years. This spending limit would be adjusted every ten years for inflation. There would be no future costs for the Citizens Redistricting Commission process. In total, these changes likely would reduce state redistricting costs by a few million dollars for the redistricting process once every ten years beginning in 2020.

The savings would be smaller for the redistricting process related to the 2010 census because some funds will already have been spent on Proposition 11's Citizens Redistricting Commission process by the time of the election. The savings from this measure over the next year could be around $1 million.

For text of Proposition 27, see page 115.

PROP 27 ELIMINATES STATE COMMISSION ON REDISTRICTING. CONSOLIDATES AUTHORITY FOR REDISTRICTING WITH ELECTED REPRESENTATIVES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 27 ★

Non-partisan experts have concluded that YES ON PROP. 27 saves taxpayer dollars:

"Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Likely DECREASE IN STATE REDISTRICTING COSTS TOTALING SEVERAL MILLION DOLLARS EVERY TEN YEARS."

YES ON 27, the Fiscal Accountability in Redistricting Act (FAIR). 27 will save taxpayers millions of dollars and put an end to Arnold Schwarzenegger's political reapportionment games.

In 2005, Arnold Schwarzenegger wasted nearly 39 million taxpayer dollars to call a Special Election primarily to pass his so-called redistricting reform, Proposition 77, which the voters rejected by a 60 to 40 percent margin.

In 2008, Schwarzenegger raised and spent 16 million special-interest dollars to barely pass an obtuse bureaucratic Commission to take the power of redistricting from those who are accountable to the people and give it to a faceless group of amateurs WHO CAN MAKE UP TO $1 MILLION DOLLARS FROM CALIFORNIA TAXPAYERS IN CUMULATIVE SALARY. YES ON 27 is a chance for the voters of California to say "enough is enough." GOVERNOR, YOU MAY MEAN WELL, but no more money should be wasted on your nonsense games of reapportionment.

Governor, OUR STATE IS BANKRUPT, UNEMPLOYMENT IS OVER 12%, OUR LUSH BREADBASKET OF THE CENTRAL VALLEY IS WITHOUT WATER, EVERYTHING IS MESSED UP. Yet you still obsess on the political game of reapportionment?

Look at the mess we have with Schwarzenegger's plan, the law following his 2008 proposition:

– Under Schwarzenegger's plan, three randomly selected accountants choose the fourteen un-elected commissioners to head a bureaucracy with the power to decide who is to represent us. Unlike the Schwarzenegger plan, YES ON 27 WILL ENSURE THAT THOSE WHO MAKE THE DECISIONS ARE ACCOUNTABLE TO THE VOTERS. 27 IS THE ONLY REFORM PROPOSAL WITH ACCOUNTABILITY.
– Under Schwarzenegger's plan, voters can be denied the right to pass a referendum against unfair Congressional district gerrymanders. A referendum means that we, the voters, have a right to say "no" to the Legislature and "no" to a statute with which we disagree. Unlike the Schwarzenegger plan, YES ON 27 ENSURES THAT VOTERS WILL HAVE THE RIGHT TO CHALLENGE ANY REDISTRICTING PLAN (INCLUDING THE CONGRESSIONAL PLAN). VOTERS SHOULD ALWAYS HAVE THE FINAL VOICE.
– Under Schwarzenegger's plan, some people can count more than others—one district could have almost a million more people than another. There is a reason why, for centuries, districts like that have been called ROTTEN BOROUGHS. This practice must be stopped. Unlike the Schwarzenegger plan, YES ON 27 will ensure that all districts are precisely the same size and that every person counts equally.

Governor Schwarzenegger, what are you thinking? Non-partisan experts have concluded that YES ON PROP. 27 saves taxpayer dollars:

"Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Likely DECREASE IN STATE REDISTRICTING COSTS TOTALING SEVERAL MILLION DOLLARS EVERY TEN YEARS."

Let's stop wasting taxpayer dollars. Let's end the political reapportionment games. YES ON PROPOSITION 27!

DANIEL H. LOWENSTEIN, Founding Chairman
California Fair Political Practices Commission
HANK LACAYO, President
Congress of California Seniors

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 27 ★

San Francisco Chronicle editor John Diaz says Prop. 27 is really the "Incumbent Protection Act."

POLITICIANS behind Proposition 27 are very angry that voters took away their power to draw districts to guarantee their reelection when VOTERS passed Proposition 11 and established the independent Citizens Redistricting Commission.

That's why the politicians and special interests will spend millions to pass 27 and ELIMINATE THE CITIZENS COMMISSION, comprised of voters from around the state.

One thing they got right in their argument is that California is broken.

California is broken because POLITICIANS AREN'T ACCOUNTABLE TO VOTERS SO THEY DON'T WORK TOGETHER TO SOLVE PROBLEMS.

Instead, the politicians would rather mislead voters with ridiculous claims.

FACT: No one is making a "million dollars." The voter-approved citizens commission ONLY DRAWS MAPS ONCE EVERY TEN YEARS and commissioners make only a modest stipend per day when they work. That's why taxpayer and good government groups support the Commission and oppose 27.

"Based on Sacramento history, the independent commission won't spend any more money on redistricting than the Legislature has, and its meetings will be open, unlike the lawmakers' plotting behind locked doors."—George Skelton, Los Angeles Times

FACT: Unlike the old system, where politicians carved up communities, cities and counties behind closed doors, the Citizens Redistricting Commission must meet in public with complete transparency.

FACT: Voters ALREADY have the power to challenge redistricting by referendum.

Read and study it for yourself: *www.noprop27.org*

STOP THE POLITICIANS' POWER GRAB: NO ON 27.

KATHAY FENG, Executive Director
California Common Cause
RUBEN GUERRA, President
Latin Business Association
JOEL FOX, President
Small Business Action Committee

PROP 27 ELIMINATES STATE COMMISSION ON REDISTRICTING. CONSOLIDATES AUTHORITY FOR REDISTRICTING WITH ELECTED REPRESENTATIVES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

★ ARGUMENT AGAINST PROPOSITION 27 ★

We have a clear choice to make with Proposition 27.

Next year, new election districts will be drawn.

If we vote "NO" on Proposition 27, legislative districts are drawn by the independent Citizens Redistricting Commission voters approved in 2008.

If we vote "yes" on Proposition 27, the independent Citizens Redistricting Commission will be eliminated and Sacramento politicians will draw their own districts to protect their jobs, just like they've done in the past.

NO ON 27—STOP POLITICIANS FROM GUTTING VOTER-APPROVED REFORMS

In 2008, voters passed Proposition 11—ending the practice of legislators drawing their own election districts so they'd be elected year after year, having little incentive to solve problems, and remaining unaccountable to voters.

Under Proposition 11, voters created the independent Citizens Redistricting Commission to draw fair districts so legislators would be accountable to voters. The commission is completely transparent and includes Democrats, Republicans and independents and must be representative of all Californians. Learn more: *www.wedrawthelines.ca.gov*

Now a who's who list of incumbent politicians has used millions of special interest dollars to bankroll Proposition 27 so they can kill voter-approved redistricting reforms and return the drawing of districts to politicians. They'll spend and say whatever it takes to pass Proposition 27 so they can remain unaccountable to voters.

NO ON 27—STOP BACKROOM DEALS THAT PROTECT POLITICIANS, HURT VOTERS

The Los Angeles Times and Orange County Register revealed that in the last redistricting, politicians paid one political consultant over ONE MILLION dollars to draw districts to protect their seats.

With Prop. 27, politicians want to return us to the days when legislators hired consultants to draw bizarrely-shaped districts behind closed doors, dividing up cities and communities just to guarantee their reelection.

"By pushing Proposition 27, politicians want to silence voters so they don't have to address the tough problems our state faces."—Maria Luisa Vela, Los Angeles Hispanic Chamber of Commerce

THE POLITICIANS' CLAIMS DON'T STAND UP

Proposition 27 is not about saving money. Politicians want safe districts and will spend every taxpayer and special interest dollar they can to bankroll consultants and draw district lines to protect themselves.

And Proposition 27 is not about empowering voters. Voters can ALREADY reject legislative redistricting plans through the referendum process, regardless of Prop. 27.

Proposition 27 is really about the politicians wanting to keep power!

"Voters approved redistricting reforms to make the system fair—we need to stop politicians from passing Proposition 27 and taking us back to the days when politicians drew districts to protect themselves."—Kathay Feng, California Common Cause

Redistricting WILL happen in 2011. The question is whether it will be done by an INDEPENDENT CITIZENS REDISTRICTING COMMISSION or by POLITICIANS seeking to keep themselves in office.

- NO on Proposition 27 keeps the power with voters and the voter-approved independent Citizens Redistricting Commission.
- Yes on Proposition 27 gives power back to Sacramento politicians to draw districts so they're virtually guaranteed reelection.

Vote "NO" on Proposition 27.

www.NoProp27.org

JANIS R. HIROHAMA, President
League of Women Voters of California
DAVID PACHECO, California President
AARP
GARY TOEBBEN, President
Los Angeles Area Chamber of Commerce

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 27 ★

Current redistricting law wastes millions of taxpayer dollars and gives another unaccountable bureaucracy overwhelming power. VOTE YES ON 27 TO SAVE TAXPAYER DOLLARS AND TO END NONSENSE REAPPORTIONMENT GAMES.

No matter how many false and misleading statements are made by the opponents of this reform, FOUR facts are unambiguously true:

1) Proposition 27 saves taxpayer dollars. Non-partisan experts have concluded that YES ON PROP. 27 saves taxpayer dollars:

"Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: LIKELY DECREASE IN STATE REDISTRICTING COSTS TOTALING SEVERAL MILLION DOLLARS EVERY TEN YEARS."

2) Proposition 27 empowers voters. In 2001, the politicians in the State Legislature conspired to stop the voters from exercising their right to say "no" to a redistricting statute. Prop. 27 prohibits the State Legislature from preventing a referendum on the ballot that would reject a Congressional redistricting.

3) Proposition 27 mandates one person, one vote districts. Current law allows population variations of as much as 1,000,000 people per district!

4) NOT A SINGLE MEMBER OF THE LEGISLATURE HAD ANY SAY ON HOW PROPOSITION 27 WAS WRITTEN. No wonder Prop. 27 has the strongest controls on the costs and the integrity of the process.

California is in crisis. We are broke, deeply in debt, unemployment is far too high, our environment is deteriorating. Proposition 27 is the chance for voters to say "Enough is enough! Stop wasting taxpayer dollars on nonsense." Vote Yes on 27.

MARK MURRAY, Executive Director
Californians Against Waste
DANIEL H. LOWENSTEIN, Founding Chairman
California Fair Political Practices Commission

POLITICAL PARTY STATEMENTS OF PURPOSE

★ GREEN PARTY ★

Californians need living-wage jobs, affordable housing, sustainable energy, single-payer health care and progressive taxation. Greens support vibrant economically sustainable communities, preserving environments, withdrawing from Iraq and Afghanistan, and developing safe clean energy sources. Greens oppose bailouts and corporate personhood.

Greens advocate:

Sustainable Economics:

- Supporting workplace representation, creating living-wage jobs, affordable housing, public transportation, and sustainable energy.
- Implementing fair graduated taxation on one's ability to pay, eliminating government subsidies to corporations, and implementing carbon taxes.
- Ending government indebtedness and deficit spending.

Constitutional Rights:

- Supporting habeas corpus, repealing mandatory sentencing, and amending the Three Strikes Law.
- Repealing the Patriot Act, withdrawing from Iraq and ending preemptive wars.
- Requiring presidential election by popular vote, equal access to debates and state ballots, ranked choice voting and reliable counting methods.

Environment protection:

- Promoting public-owned safe, clean renewable energy.
- Reducing global warming through efficiency, conservation and fossil fuel taxes.
- Protecting endangered species, agricultural land, and opposing sprawl developments.

Social justice:

- Supporting single-payer healthcare and free public education.
- Supporting undocumented immigrants' right to work.
- Ending torture and unwarranted surveillance.

Greens want government accountability, a vibrant economy, sustainable environments, social justice and Constitutional rights for all.

Green Party of California
P.O. Box 2828, Sacramento, CA 95812

(916) 448-3437
Website: www.cagreens.org

★ PEACE AND FREEDOM PARTY ★

The Peace and Freedom Party is a working-class party in a country run by and for the wealthy and their corporations. We should not have to sacrifice our health, our livelihoods and our planet for our bosses' profits. We can tax the rich, whose wealth is entirely created by workers, to pay for the people's needs. We favor:

- Bringing all troops home now.
- Ending all discrimination.
- Full rights for immigrants.
- Free health care for everyone.
- Good services for disabled people.
- Restoring and protecting the environment.
- Real democracy and fair political representation.
- Free education for all from preschool through the university.
- Decent jobs and full labor rights for all.

As long as our system puts the wealthy first, we will suffer war, police brutality, low wages, unsafe workplaces and pollution. We advocate socialism, which we see as the ownership and democratic control of the economy by working people. If we join together to take back our industries and natural resources, we can work together democratically and cooperatively for the common good, rather than being slaves to the rich and their corporations.

Vote for those who speak up for your own needs, the candidates of the Peace and Freedom Party.

Peace and Freedom Party
P.O. Box 24764, Oakland, CA 94623

(510) 465-9414
E-mail: info@peaceandfreedom.org
Website: www.peaceandfreedom.org

★ LIBERTARIAN PARTY ★

Libertarian solutions are the most practical and workable for strengthening our economy and governing our state. If they had been employed during the last decade, our state would be strong and not in a deficit. Thus, Libertarians work to:

- Reduce government spending;
- Promote business development, which will create jobs;
- Reform public employee pensions, which are bankrupting cities, counties and the state;
- Privatize services that are best delivered by cost-effective providers;
- Guarantee equal treatment under the law for all Californians;
- Strictly regulate, control and tax marijuana for adults, thus making it less available for children; and
- Reduce sessions of the Legislature to every other year.

The Libertarian Party has candidates who will bring about these reforms, but first they need your support this November.

Libertarian Party of California
Kevin Takenaga, *Chairman*
14547 Titus Street, Suite 214
Panorama City, CA 91402-4935

(818) 782-8400
E-mail: office@ca.lp.org
Website: www.ca.lp.org

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POLITICAL PARTY STATEMENTS OF PURPOSE

★ DEMOCRATIC PARTY ★

The Democratic Party is building a healthier future for our state and improving the quality of life for all Californians.

California Democrats were key in helping President Obama pass health insurance reform, ending the insurance company practice of denying coverage to children because of pre-existing conditions and lowering the cost of health care for millions of Americans.

We support Barbara Boxer and Jerry Brown because they are *proven leaders* who have what it takes to put California back on track.

Barbara Boxer has been working tirelessly to bring good jobs to our state and crack down on Wall Street corruption.

Under Jerry Brown's leadership, university tuition rates for the University of California system were $1,194 a year; today they are $9,285 a year and rising. Students attending the Cal State system were paying $441 a year in tuition; today they are paying $4,827 a year and rising.

Democrats believe our state must make university and community college affordable for today's working and middle-class families.

We believe in rewarding hard work and expanding opportunities for all Californians in order to create stronger and healthier communities.

Join us as we build a stronger California—sign up at *www.cadem.org.*

California Democratic Party
Senator John Burton (Ret.), *Chair*
1401 21st Street #200, Sacramento, CA 95811

(916) 442-5707 / Fax: (916) 442-5715
E-mail: info@cadem.org
Website: www.cadem.org

★ REPUBLICAN PARTY ★

The California Republican Party supports restoring our state as the nation's leader in economic growth and innovation by cutting taxes, slashing wasteful regulations, and making California competitive again. We want to build a California where people and families are safe and secure because a vibrant economy is creating jobs and opportunities for everyone who is willing and able to work.

Republicans support boldly reforming our bloated and wasteful government and reducing its burden on taxpayers to grow our economy and generate the jobs and opportunities families need.

The Republican Party is the advocate for everyday Californians—people who were born and raised here, and those who have come here to raise a family or build a business. We support protecting every Californian's personal freedoms and opportunities to have a good education, to work, to save and to invest in one's future, and in one's family.

Our democracy only works if good people decide to step up and get involved. Our doors are open to you and we hope you will make the personal decision today to protect, improve and build California by joining the California Republican Party. You can learn more by visiting our website at *www.cagop.org* today.

California Republican Party
Ron Nehring, *Chairman*
Ronald Reagan California Republican Center
1903 West Magnolia Boulevard, Burbank, CA 91506

(818) 841-5210
Website: www.cagop.org

★ AMERICAN INDEPENDENT PARTY ★

The American Independent Party is the party of ordered liberty in a nation under God. We believe in strict adherence to written law. We believe the Constitution is the contract America has with itself. Its willful distortion has led to the violation of our Tenth Amendment guaranteed right to limited government—which inevitably requires oppressive taxation. Its faithful application will lift that burden.

Freed from the lawless oppression of Liberal rule, we may then compassionately and justly use our energy and ingenuity to provide for ourselves and our families. We will then establish truly free and responsible enterprise and reassert the basic human right to property.

We believe in protecting all human life however weak, defenseless, or disheartened; endorse the family as the essential bulwark of liberty, compassion, responsibility, and industry; and declare the family's right and responsibility to nurture, discipline, and educate their children.

We assert the absolute, concurrent Second Amendment guaranteed individual right to self defense coupled with a strong common defense, a common defense which requires a national sovereignty not damaged by imprudent treaties. We oppose all illegal immigration.

We support secure borders and immigration policies inviting the best of the world to join us in freedom.

American Independent Party
Nathan Sorenson, *Chairman*
476 Deodara St., Vacaville, CA 95688

(707) 359-4884
Fax: (707) 222-6040
E-mail: mark@masterplanner.com

The order of the statements was determined by lot. Statements on this page were supplied by political parties and have not been checked for accuracy by any official agency.

VOLUNTARY CAMPAIGN SPENDING LIMITS FOR CANDIDATES FOR STATEWIDE ELECTIVE OFFICE

California law includes voluntary spending limits for candidates running for statewide office (not federal office). Candidates for Governor, Lieutenant Governor, Secretary of State, Controller, Treasurer, Attorney General, Insurance Commissioner, Superintendent of Public Instruction, and Board of Equalization who choose to keep their campaign expenses under specified dollar amounts may purchase space in the statewide voter information guide for a candidate statement of up to 250 words.

In the list below, an asterisk (*) designates a candidate who has accepted California's voluntary campaign spending limits and therefore has *the option* to purchase space for a candidate statement in this voter guide. (Some eligible candidates choose not to purchase space for a candidate statement.) Candidate statements are on pages 74–88.

The expenditure limit for candidates running for Governor in the November 2, 2010, General Election is $12,946,000.

The expenditure limit for candidates running for Lieutenant Governor, Secretary of State, Controller, Treasurer, Attorney General, Insurance Commissioner, and Superintendent of Public Instruction in the November 2, 2010, General Election is $7,768,000.

The expenditure limit for candidates running for the Board of Equalization in the November 2, 2010, General Election is $1,942,000.

The following list of candidates for statewide elective office is current through August 9, 2010—the end of the public display period required for the Official Voter Information Guide. For the final list of candidates, go to *www.sos.ca.gov/elections/elections_cand.htm.*

Governor

*	Carlos Alvarez	Peace and Freedom
	Jerry Brown	Democratic
*	Chelene Nightingale	American Independent
*	Dale F. Ogden	Libertarian
*	Laura Wells	Green
	Meg Whitman	Republican

Lieutenant Governor

*	Pamela J. Brown	Libertarian
*	James "Jimi" Castillo	Green
*	Jim King	American Independent
*	Abel Maldonado	Republican
*	Gavin Newsom	Democratic
*	C.T. Weber	Peace and Freedom

VOLUNTARY CAMPAIGN SPENDING LIMITS FOR CANDIDATES FOR STATEWIDE ELECTIVE OFFICE

Secretary of State

* Debra Bowen	Democratic
* Marylou Cabral	Peace and Freedom
* Damon Dunn	Republican
* Ann Menasche	Green
* Merton D. Short	American Independent
* Christina Tobin	Libertarian

Controller

* Lawrence G. Beliz	American Independent
* John Chiang	Democratic
* Andrew "Andy" Favor	Libertarian
* Ross D. Frankel	Green
* Karen Martinez	Peace and Freedom
Tony Strickland	Republican

Treasurer

* Charles "Kit" Crittenden	Green
* Robert Lauten	American Independent
* Bill Lockyer	Democratic
* Debra L. Reiger	Peace and Freedom
* Edward M. Teyssier	Libertarian
* Mimi Walters	Republican

Attorney General

* Peter Allen	Green
* Steve Cooley	Republican
* Robert J. Evans	Peace and Freedom
* Timothy J. Hannan	Libertarian
Kamala D. Harris	Democratic
* Diane Beall Templin	American Independent

Insurance Commissioner

* William Balderston	Green
* Richard S. Bronstein	Libertarian
* Dave Jones	Democratic
* Dina Josephine Padilla	Peace and Freedom
Clay Pedersen	American Independent
* Mike Villines	Republican

Superintendent of Public Instruction

* Larry Aceves	Nonpartisan
* Tom Torlakson	Nonpartisan

Board of Equalization District 1

* Sherill Borg	Peace and Freedom
* Kevin R. Scott	Republican
* Kennita Watson	Libertarian
* Betty T. Yee	Democratic

Board of Equalization District 2

* Willard D. Michlin	Libertarian
* Toby Mitchell-Sawyer	Peace and Freedom
* Chris Parker	Democratic
* George Runner	Republican

Board of Equalization District 3

* Mary Christian Heising	Democratic
* Jerry L. Dixon	Libertarian
* Mary Lou Finley	Peace and Freedom
* Terri Lussenheide	American Independent
* Michelle Steel	Republican

Board of Equalization District 4

* Peter "Pedro" De Baets	Libertarian
* Shawn Hoffman	American Independent
* Jerome E. Horton	Democratic
* Nancy Lawrence	Peace and Freedom

California's voluntary campaign spending limits do not apply to candidates for federal offices including the United States Senate. Therefore, all U.S. Senate candidates have *the option* to purchase space for a candidate statement in this voter guide. (Some U.S. Senate candidates choose not to purchase space for a candidate statement.) Candidate statements are on pages 72–73.

U.S. Senate

Barbara Boxer	Democratic
Marsha Feinland	Peace and Freedom
Carly Fiorina	Republican
Gail K. Lightfoot	Libertarian
Edward C. Noonan	American Independent
Duane Roberts	Green

CANDIDATE STATEMENTS BY OFFICE
★ U.S. SENATE ★

- One of two Senators who represent California's interests in the United States Senate.
- Proposes and votes on new national laws.
- Votes on confirming federal judges, U.S. Supreme Court Justices, and many high-level presidential appointments to civilian and military positions.

DUANE ROBERTS
Green

P.O. Box 5123
Anaheim, CA 92814

info@voteforduane.org
www.voteforduane.org

See www.voteforduane.org

MARSHA FEINLAND
Peace and Freedom

2124 Kittredge St., #66
Berkeley, CA 94704

(510) 845-4360
mfeinland@att.net
feinlandforsenate.org

Withdraw all troops from Iraq and Afghanistan now. Stop scapegoating immigrants. Provide free health care for everyone. Regulate corporations to protect workers and the environment. Let's decide what we need and use our country's wealth to pay for it.

GAIL K. LIGHTFOOT
Libertarian

P.O. Box 598
Pismo Beach, CA 93448

(805) 709-1130
www.gailklightfoot.com

Career politicians, lobbyists and the *parties in power* failed us. With no political/corporate ties, pledged to serve one term, I will defend our Constitution; vote to cut taxes, spending and regulations; withdraw U.S. troops from overseas; protect 2nd Amendment; and audit the Federal Reserve.

BARBARA BOXER
Democratic

P.O. Box 411176
Los Angeles, CA 90041

(323) 836-0820
info@barbaraboxer.com
www.barbaraboxer.com

We're going through the toughest economic times I've seen, and nothing is more important than creating good California jobs. I'm doing that with a specific jobs plan. (Read the entire plan at *www.BarbaraBoxer.com*.) First, I'm fighting to end tax breaks for companies that ship jobs overseas and instead give tax breaks to middle-class families and small businesses that create jobs here at home. We have to stop rewarding companies that ship our jobs to Europe, India or China. Second, I've been working to make California the hub of the new clean energy industry. I'm helping create manufacturing jobs and jobs for engineers, construction workers, salespeople and office workers. I want to see the words "Made in America" again, with clean energy that reduces pollution and gets us off foreign oil. Third, I've helped double transportation funding for California since I was elected to the Senate, and I'll continue to create thousands more jobs improving our roads, bridges and mass transit. As your Senator, I've gotten over 1,000 provisions enacted, including the first-ever federal after-school program that's helping keep a million kids off the streets and out of gangs, and tough protections for our air, water and our coast. I'm protecting a woman's right to choose. And I've gotten better treatment for our injured veterans who deserve the best from us. These are tough economic times with no easy solutions, but I won't stop fighting to create California jobs and make life better for our families.

The order of the statements was determined by lot. Statements on this page were supplied by the candidates and have not been checked for accuracy. Each statement was voluntarily submitted by the candidate and is printed at the expense of the candidate. Candidates who did not submit statements could otherwise be qualified to appear on the ballot.

CARLY FIORINA
Republican

915 L Street, Suite C-378
Sacramento, CA 95814

(877) 664-6676
info@carlyforca.com
carlyforca.com

I started my business career as a secretary, earned an MBA and became the first woman to lead a Fortune 20 company, Hewlett-Packard. I understand the challenges people face and how to create jobs. America is in a crisis. Soaring federal spending and the mushrooming federal deficit are killing jobs and stalling economic recovery. Unless reversed, our children will be burdened with unsustainable future debt. We need real job creation not failed federal policy like the stimulus. *The problem is old-line politicians, who have been in office for decades, are not interested in solving problems. They are more concerned with partisanship, ideology and the next election. I'm a strong fiscal conservative who will fight to reduce spending, slash the federal deficit and stop the expansion of federal control over the economy.* We are at war with terrorists who seek to destroy America's way of life. I chaired the External Advisory Board for the CIA. I'll work for tougher U.S. policy in dealing with terrorists and oppose the administration's policy to try terrorists in civilian court. If you're tired of partisan politics as usual then send a political outsider like me to Washington. I will work across party lines for real reform. Together we can take back our government; make it listen and work for each of us. I'm Carly Fiorina. I will take a fresh, new look at solving the problems facing America. We can actually make things better for a change. I'm working hard to *earn* your vote.

EDWARD C. NOONAN
American Independent

1561 N. Beale Rd.
Marysville, CA 95901

(530) 743-6878
ednoonan@4xtreme.org
http://www.4xtreme.org

http://www.4xtreme.org

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- As the state's chief executive officer, oversees most state departments and agencies and appoints judges.
- Proposes new laws and approves or vetoes legislation.
- Prepares and submits the annual state budget.
- Mobilizes and directs state resources during emergencies.

LAURA WELLS
Green
P.O. Box 10727
Oakland, CA 94610
(510) 225-4005
info@laurawells.org
www.laurawells.org

There are solutions! For great schools, health, environment, jobs, and justice. We can stop coddling mega-corporations and billionaires. They've gotten filthy rich, and left California flat broke and unemployment sky high. We can create a *State Bank* and invest in California not Wall Street. Let's expand the good parts of old Prop 13 to keep people in their homes, and fix rotten parts like the 1/3 minority that has veto power over taxing the rich. Let's implement fair taxes, and *give ourselves and our kids a chance*. See LauraWells.org.

CARLOS ALVAREZ
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www.votepsl.org
(323) 810-3380
carlos4gov@votepsl.org
www.peaceandfreedom.org

Money for jobs, education, healthcare—not war and corporations!

DALE F. OGDEN
Libertarian
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(310) 547-1595
dfo@dalefogden.org
www.daleogden.org

As Governor, I will restore fiscal responsibility and financial solvency to California using every tool at my disposal, such as the line-item veto and ballot initiatives. We need to rollback spending, lower taxes significantly (especially income taxes); abolish harmful, useless, and overlapping regulatory agencies; reduce the number of employees at most state agencies; and permanently limit future spending. A business-friendly, low tax environment will attract thousands of businesses and millions of jobs to California. Additional tax revenue from economic growth should be used only to retire debt, improve infrastructure, and lower taxes further. We need to slash excessive salaries and bloated pensions for state employees; increase retirement age for current and future state employees to 65 from the current 55 (or 50). We need to end collusion between politicians, bureaucrats, and government employee unions. A volunteer Commission will help me pardon those convicted of victimless crimes, such as marijuana possession. I support Proposition 19 to legalize marijuana; adults should be able to decide what substances they consume. We need to reduce welfare benefits so there is an incentive to work and be productive; 35% of the nation's welfare cases are in California (but only 12% of the population). We need to give parents a choice in their children's education. People should be able to live their lives as they choose (get government out of marriage) and keep the government out of our personal and economic lives. Help make California the great state it once was. Vote Libertarian.

CHELENE NIGHTINGALE
American Independent
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As a homeschooling mother, concerned citizen, and independent businesswoman, I believe it's time to save our state! "We the People" are the solution to restore our Golden State and I'm honored to help represent us live our dreams. My promise is to govern *with* you in order to help lead us back to a constitutionally sound California! The solution to our economic crisis is our own creativity, thus I will enact the "We the People" contract. We will unite the brightest and best to work together as our Founding Fathers intended. We will secure our borders, support the free market system, bring back jobs, protect individual rights, and improve our education to pave a better future for our children. I ask for your vote so that *together* we can enjoy freedom in California.

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★ LIEUTENANT GOVERNOR ★

- Assumes the office and duties of Governor in the case of impeachment, death, resignation, removal from office, or absence from the state.
- Serves as president of the State Senate and has a tie-breaking vote.
- Chairs the Economic Development Commission, is a member of the State Lands Commission, and sits on the boards of the California university systems.

JAMES "JIMI" CASTILLO
Green
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Education not incarceration. Promote equity of opportunity for all. Environment is the commons: Protect our state parks, air, water, land.

C.T. WEBER
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ctweberforlieutenantgovernor.org

Has California's budget deficit been fixed? No. Are you upset, angry, frustrated? Me too. Restore social services. Stop scapegoating public workers. Let the super rich pay their fair share.

PAMELA J. BROWN
Libertarian
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www.cawantsfreedom.com

I am an economics professor who has watched politicians wreck California. We have historic unemployment and massive debt. I will use the position of Lieutenant Governor to expand jobs, reduce government spending and balance our budget. Our officials should *reduce* taxes by finding the lowest-cost, best-quality services—rather than hiring protected groups in exchange for campaign contributions. Controlling the border to prevent illegals from committing crimes and terrorist acts and siphoning billions in services is a top priority. Pension costs should *not* be passed along to our children. Californians should receive tax *cuts* if disasters strike since that is when they *need* their funds. California's farmers must have access to water resources, not tiny endangered fish. But protecting our coastline and environment is essential so tourists want to visit and retirees want to live in our wonderful state. I oppose Proposition 25—we must keep the two-thirds requirement to bring as many people as possible into budgeting decisions and prevent one party from monopolizing state finances. Let's provide tax credits to parents who home school or choose private schools. We also need strong eminent domain laws to protect property from being seized by governments. I support Proposition 19; adults should freely make their own choices without fear of government. I am a gun owner and lifelong supporter of the 2nd Amendment. However criminals using firearms should face the harshest sentences. Had it with rhinos and socialists? I have. Help me take back our state and our liberties.

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GAVIN NEWSOM
Democratic
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www.gavinnewsom.com

I'm running for Lieutenant Governor because state government is broken and California deserves new leadership. My background is in business and job creation. Over my career, I've started *15 different small businesses that employ more than 1,000 Californians combined.* As Mayor and County Supervisor, I've tackled the toughest problems, made government more accountable and delivered real results. We've created high-wage, green-collar jobs, invested in schools and raised test scores, fully funded police and fire protection, safeguarded our environment, and provided universal access to health care. All with *balanced budgets and sound fiscal policies that protect taxpayer dollars.* I was proud when *Time Magazine* named me *one of "America's best big-city Mayors."* As your LG, I will continue leading the fight for good jobs, strong schools and clean air and water. I will hold the line on out-of-control fee increases which make it harder for Californians to afford college. I will grow our economy and push for proven new investments in job training. I will stand up to Texas oil companies who want to drill off our precious coast and roll back our landmark environmental protections. I won't just hang around Sacramento and be part of the problem—*I will offer real solutions and fight to change its do-nothing dysfunction*. I'm honored to be endorsed by California's teachers, nurses, police and firefighters, business leaders, major environmental organizations and U.S. Senator Dianne Feinstein. To join my campaign for reform, visit: *www.gavinnewsom.com*. I ask for your support.

ABEL MALDONADO
Republican
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abel@abelmaldonado2010.com
www.abelmaldonado2010.com

Angered by the mess in Sacramento? Then join my fight to clean it up. As a lawmaker and Lt. Governor, I've fought hard to fix what's wrong with state government. To set an example I cut my own pay. I showed independence by writing a law making *pay raises for politicians illegal* when the state has a budget deficit. To *stop Sacramento's irresponsible spending*, I fought to tie the hands of the politicians by enacting a cap on state spending and requiring a rainy day reserve. I put my business experience to work by fighting to *eliminate job-killing regulations* and reform tax laws to encourage employers to create new jobs. I *worked across party lines to improve the quality of our schools* and ensure education receives the necessary funding. By exposing exorbitant salaries of UC officials who misused tax dollars to fix up their mansions, I helped save millions of dollars for our schools. *By opposing efforts to increase fees and tuition costs* for residents of California, I helped keep hard-working parents and students from footing the bill for Sacramento's mismanagement. I've been a leader in the battle to *ensure neighborhood safety* by working to reduce gang violence and other drug-related crimes. Those efforts earned me *honors as the Crime Victims United's "Legislator of the Year."* As Lt. Governor, I'll be an independent leader who will continue my fight to rebuild the economy, demand excellence from our schools, and protect tax dollars against waste, fraud and corruption. www.abelmaldonado2010.com.

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★ SECRETARY OF STATE ★

- As the state's chief elections officer, oversees statewide elections and provides public access to campaign and lobbying financial information.
- Supports California business by registering and authenticating certain types of businesses and trademarks, regulating notaries public, and enabling secured creditors to protect their financial interests.
- Preserves California's history by acquiring, safeguarding, and sharing the state's historical treasures.
- Registers domestic partnerships and advance health care directives, and protects the addresses of domestic violence victims and certain others entitled to confidential addresses.

ANN MENASCHE
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www.voteann.org

I will fix our broken election system that allows billionaires and corporations to buy elections, corrupt politicians, and silence the voices of ordinary Californians. My long experience as a civil rights lawyer and political activist qualifies me to fight for publicly funded elections, for a more representative democracy, and to crack down on corporate crime. *I cannot be bought!* Vote Ann! *www.voteann.org*

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marylou@votepsl.org
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Strengthen democracy by lowering the voting age to 16, extending the right to vote to immigrants and prisoners, and making Election Day a holiday.

CHRISTINA TOBIN
Libertarian
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www.tobinforca.org

Christina has dedicated her entire adult life to supporting individual voters' rights.

DEBRA BOWEN
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www.debrabowen.com

It has been an honor to serve as your Secretary of State for the past four years. As the chief elections officer for the largest state in the nation, my goals are to ensure voting systems are secure, accurate, reliable and accessible, and to make certain voters are confident that every ballot is counted exactly as it was cast. After taking office, I ordered a groundbreaking top-to-bottom review of California's voting systems. When this review by independent computer scientists revealed significant flaws, I shored up election security in an unprecedented way that has served as a model for other states. For my leadership in strengthening our democracy, I was privileged to receive the John F. Kennedy Profile in Courage Award, a recognition given to public servants who choose to put their principles before partisanship. Beyond securing California's voting systems, since taking office, I have also streamlined operations and cut the agency's budget by more than 25%; strengthened election fraud prevention efforts; built partnerships with businesses and non-profit groups to get more eligible Californians registered to vote and voting on Election Day; made it easier to track campaign contributions to candidates and initiative campaigns; and put more information online so you can keep track of the decisions I make. I am proud to have the support of firefighters, teachers, highway patrol officers and peace officers throughout the state. They know that if I am re-elected, I will continue my independent leadership to ensure California's elections are conducted fairly.

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DAMON DUNN
Republican
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California's government is broken. Families and small businesses are paying the price. It's time to fix California. That is why Damon Dunn is running for Secretary of State. Damon was born to a 16 year-old single mother and he grew up in dire poverty. Yet, Damon did not make any excuses. He simply focused on the solutions to improve his life. Damon graduated from Stanford University, played in the NFL, and became a successful small business owner. Through his work with the Latino Educational Attainment Initiative, Make a Wish, St. Augustine Soup Kitchen and the Cops-N-Kids programs, Damon has been providing hope and assistance to communities across our state. As Secretary of State, Damon will take immediate action to: 1) improve California's business climate to create jobs and 2) protect the integrity of our elections. Businesses are leaving California and taking jobs to other states. The Secretary of State is responsible for all the business filings in California. Damon will use his business experience to evaluate why companies are leaving the state by conducting exit interviews. He will report the findings to the Legislature as part of a package of reforms that will lead to job growth in California. Honest elections are important to our democracy. Requiring photo identification to vote improves the integrity of our elections and makes it impossible to cheat. Damon will work to pass this simple reform so that Californians can trust the electoral process. www.DamonDunn.com

MERTON D. SHORT
American Independent
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mertfly@aol.com

While serving twice as Chairman of the American Independent Party (Constitution Party national affiliate) it was my pleasure to meet and learn from members of the Secretary of State's Office of their duties and responsibilities. This was particularly true of the relationship with the Elections Office. When I received my Wings of Gold as a Navy fighter pilot during World War Two I took an oath to uphold and defend the United States Constitution against all enemies, foreign and domestic. As most of what ails our Nation today is the result of disobedience of our Constitution, there is a strong need to reinforce the tenets of that Constitution through information and education. As your Secretary of State I will strive to increase California voting participation with a Constitutionally informed electorate.

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★ CONTROLLER ★

- As the state's chief fiscal officer, serves as the state's accountant and bookkeeper of all public funds.
- Administers the state payroll system and unclaimed property laws.
- Serves on numerous boards and commissions including the Board of Equalization and the Board of Control.
- Conducts audits and reviews of state operations.

ROSS D. FRANKEL
Green

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KAREN MARTINEZ
Peace and Freedom

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peaceandfreedom.org

Sick and tired of Wall Street and corporate controlled politicians degrading your quality of life? Let *your* voice be heard! Vote for *Karen Martinez.*

ANDREW "ANDY" FAVOR
Libertarian

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andy@andyfavor.net
www.andyfavor.net

Pro-business, freedom. Frugal.

JOHN CHIANG
Democratic

c/o SG & A Campaigns
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johnchiang2010@gmail.com
www.johnchiang2010.com

John Chiang is California's independent watchdog safeguarding our tax dollars. As State Controller, John Chiang fights to make California's budget more transparent and accountable. He vigorously opposes the budget gimmicks and accounting tricks pulled by Sacramento politicians. John Chiang fights to protect local governments and vital public services, including law enforcement and education, from drastic cuts caused by the inability of the Governor and Legislature to pass an on-time budget. Neutral fiscal experts say his professional cash management has kept the State's credit rating from plunging into junk status, saving taxpayers millions of dollars. John Chiang uses his independent auditing powers to crack down on wasteful government spending. He already has identified over $2 billion in waste, fraud, and abuse—far more than any previous Controller. John Chiang fights to end pension fund abuses, sponsoring legislation to prohibit pension spiking and double-dipping and to eliminate conflicts of interest in the pension boards charged with investing public dollars. John Chiang has reformed the State's Unclaimed Property law, returning more than $1 billion to Californians owed by insurance and mortgage companies, utilities and banks. Especially important during these tough economic times, John Chiang provides free tax assistance to seniors and working families, saving them over $3 million in tax refunds and credits. He hosts free seminars to help small businesses and non-profit organizations navigate complex tax laws and regulations. For more information go to: *www.JohnChiang2010.com* Keep our independent watchdog protecting taxpayer dollars. Vote for John Chiang for Controller.

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★ TREASURER ★

- As the state's banker, manages the state's investments.
- Administers the sale of state bonds and notes, and is the investment officer for most state funds.
- Serves or chairs on several commissions, most of which are related to the marketing of bonds.
- Pays out state funds when spent by the Controller and other state agencies.

CHARLES "KIT" CRITTENDEN
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Create a State Bank—keep California funds in California. Make corporations pay their share—an oil extraction tax could support green energy and jobs. See crittendenforstatetreasurer.com

DEBRA L. REIGER
Peace and Freedom
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www.reigerfortreasurer.com

Safe, socially responsible management of state funds; no investments in war profiteers, human rights violators, corporate polluters. Make banking safe for Californians; create a State Bank to provide banking services without enriching corporations. Keep big business out of California's decisions. More on my website!

EDWARD M. TEYSSIER
Libertarian
3200 Highland Ave., #300
National City, CA 91950
taxfighters1776-caltreasurer@yahoo.com
www.teyssier.com/edward

As a small business owner and attorney, I've won lawsuits against government agencies on behalf of taxpayers. I'll promote fiscal sanity in California by eliminating bloated public pensions, cutting taxes, eliminating nanny state regulations, supporting free enterprise and job creation.

BILL LOCKYER
Democratic
1230 H Street
Sacramento, CA 95814
(916) 444-1755
bill@lockyer2010.com
www.lockyer2010.com

The national recession and sub-prime mortgage disaster hit California harder than most states and left our economy badly damaged. Times like these require strong, effective leadership. As your Treasurer, I'm managing $65 billion in state investments. Many states lost millions when financial markets collapsed, we didn't lose a penny. Instead, we earned solid returns, adding billions to California's investment fund and helping preserve vital services. I've challenged Wall Street rating agencies and investment banks, and won big savings for California taxpayers. Managing state investments in road and school construction through the worst credit market in our history has required bargaining hard for the lowest possible rates for taxpayers. We're doing that job, funding 100,000 good-paying private construction jobs and revenues for our businesses. The last time California had a genuinely balanced budget was more than 10 years ago, when I was the State Senate leader. As Treasurer, I've forcefully and repeatedly told the Legislature and Governor that California needs an honestly balanced, on-time budget—every year. No IOUs. No delays paying schools or local governments. Spending only within our revenues. My record shows you can count on me to keep these basic fiscal promises: Your tax dollars will be invested wisely and protected from foolish economic risks. Your State's debt will be managed carefully and your bond dollars spent the way voters intended. This Treasurer will always speak out against fiscal recklessness in Sacramento and rip-offs by unscrupulous special interests. I ask for your consideration when you vote.

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MIMI WALTERS
Republican

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Tustin, CA 92780

www.mimiwalters.com

California is in trouble. Decades of wasteful spending and fiscal mismanagement have left our state nearly bankrupt. We need to clean house in Sacramento before we can get our financial house in order. Coming from a background in business and finance, I am appalled at the careless way our money is treated in Sacramento. State government is wasteful and the legislature is dominated by special interests. Every interest has a lobbyist and a voice. As your Treasurer, *I will make sure you have a voice.* The Howard Jarvis Taxpayers Association endorses me for Treasurer and I've been given an "A" rating from the California Taxpayers Association. My priorities include: protecting your tax dollars from bad investments; reducing wasteful government spending; lowering taxes on families and small businesses; and holding government accountable for every dollar it spends. My qualifications include a background in business, finance and local government. Prior to entering public service, I served seven years as an investment executive at a major investment banking firm. I am a graduate of UCLA. I'm a founder of the California Women's Leadership Association and served on the boards of: National Association of Women Business Owners; American Cancer Society; and South Coast Medical Center Foundation. Yesterday's politicians have proven they cannot fix today's problems. Sacramento needs new ideas and a fresh approach. *I pledge to hold government accountable and to be your voice in Sacramento.* I would be honored to receive your vote. Please visit my website, *www.MimiWalters.com*. Thank you.

ROBERT LAUTEN
American Independent

P.O. Box 121
Brea, CA 92822

www.robertlauten.com

To save the Nation from economic collapse, I support restoring Glass-Steagall, the 1933 Great Depression Era banking reform legislation, *www.LaRouchePAC.com/credit*. Impeach Obama for not allowing the Senate Glass-Steagall amendment debate. Yes on Prop. 23, "The California Jobs Initiative," *www.SuspendAB32.org*. I support Arizona's efforts to secure its border by constitutionally embodying Federal Immigration Law into its State Code, *www.BuyCottArizona.com/FACTS.html*.

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- As the state's chief law officer, ensures that the laws of the state are uniformly and adequately enforced.
- Heads the Department of Justice, which is responsible for providing state legal services and support for local law enforcement.
- Acts as the chief legal counsel in state litigation.
- Oversees law enforcement agencies, including county district attorneys and sheriffs.

PETER ALLEN
Green
www.peterallenforag.com

Vote for: Protecting our environment. Legalizing marijuana. Ending the death penalty. Corporate responsibility. Justice. www.peterallenforag.com

ROBERT J. EVANS
Peace and Freedom
1736 Franklin St., 10th Floor
Oakland, CA 94612
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redrobert@prodigy.net
www.justiceforcalifornia.org

Justice for California means: Protect workers' rights. Jail corporate criminals. Defend civil liberties. Prosecute police crime. No death penalty.

TIMOTHY J. HANNAN
Libertarian
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I believe in the Libertarian principles of limited government, individual rights, and fiscal responsibility. State government regulates and taxes too much, and has grown far beyond its essential role of protecting individuals' rights and liberties. As Attorney General, I will bring Libertarian principles to the enforcement of California's laws. I support Proposition 19 to legalize marijuana. I support individuals' right to keep and bear arms for self-defense. I support eminent domain reform so that homes and businesses are not seized by local governments for private development. The Attorney General's office should handle police misconduct cases to take them out of the hands of local prosecutors. Police need to work closely with neighborhood organizations to combat crime, especially gang violence. The Three Strikes law should apply to violent offenses only. Protection of the environment should be rationally balanced with the need for economic growth. Consumers need more vigilant protection against all forms of fraud. Your vote will help me sound the call for these important reforms.

STEVE COOLEY
Republican
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www.stevecooley.com

I'm District Attorney Steve Cooley. It's time we had a *professional prosecutor—not a politician*—as our Attorney General. For the past 10 years, I've successfully managed the largest district attorney's office in the nation. As Attorney General, I will crack down on government fraud, corruption and abuse of power and fight to restore integrity and fiscal responsibility to Sacramento. As L.A. County's Chief Prosecutor, I created the *Public Integrity Division* to prosecute crimes committed by politicians, government officials and dishonest lawyers. I strongly *support the death penalty* and my office obtained more death penalty convictions than any other district attorney in California. I created a *Victim Impact Program* to assure special protection and assistance for the most vulnerable—the elderly and victims of child and sexual abuse. I've been a national leader in *expanding the use of DNA* and forensic science to solve "cold cases" and sex crimes. My office has a strong record of protecting consumers and stopping environmental polluters. The California Narcotic Officers' Association calls me the "toughest district attorney in California." I'm the *only* candidate for Attorney General with experience as both a frontline police officer and prosecutor. Law enforcement organizations representing thousands of police officers support me because they trust me to always put the public's safety first. As your Attorney General, I will be the People's Lawyer to make government more accountable to taxpayers and citizens while relentlessly fighting violent crime and aggressively prosecuting white collar criminals and government officials who betray our trust.

DIANE BEALL TEMPLIN
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★ INSURANCE COMMISSIONER ★

- Oversees and directs all functions of the Department of Insurance.
- Licenses, regulates, and examines insurance companies.
- Answers public questions and complaints regarding the insurance industry.
- Enforces California insurance laws and adopts regulations to implement the laws.

WILLIAM BALDERSTON
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healthforall2010.net

Stop insurance corporation exploitation. healthforall2010.net

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padilla4insurancecommissioner.com

Dina J. Padilla as Insurance Commissioner will be the Insurance Industry's worst nightmare. We need healthcare, not insurance companies. *www.padilla4insurancecommissioner.com*

RICHARD S. BRONSTEIN
Libertarian
14547 Titus St., #214
Panorama City, CA 91402
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www.vote4rick.com

As Insurance Commissioner, I'll encourage competition to lower prices. At the same time, provide oversight to assure fairness. Pointless regulation discourages competition and raises prices.

DAVE JONES
Democratic
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We need an Insurance Commissioner with the courage, integrity and independence to take on the insurance companies and fight to protect consumers. We need Dave Jones. *The Consumer Federation of California named Dave Jones the legislature's "Consumer Champion."* When Anthem Blue Cross announced premium increases of up to 39%, Dave Jones led the fight to stop the increases and prevent outrageous rate hikes in the future. Dave Jones passed legislation that stopped insurance companies from charging women higher rates than men for the same health insurance policies. He is leading the fight to rein in skyrocketing health insurance premiums. Dave Jones passed crucial legislation to prevent dependent seniors from being ripped-off by abusive caretakers. Dave Jones secured billions in new federal funds to provide health care for California families. *Dave Jones was honored as California's "Most Effective Legislator" by the Capitol Weekly.* The *Los Angeles Times* praised Jones for *"the vigor he has shown in protecting consumers."* The *San Francisco Chronicle* called him "energetic, well-informed and undaunted by the challenges of regulating a powerful industry." And the *Sacramento Bee* said Jones will be a "bulldog for consumers" and his "independent attitude" was "tailor-made for this important consumer protection post." As a candidate for Insurance Commissioner, *Dave Jones refuses to accept contributions from insurance companies.* He will have the independence to put consumers first. Dave Jones fights for us. Vote for Dave Jones for Insurance Commissioner. For more information: *www.davejones2010.com*

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joinmike@mikevillines.com
mikevillines.com

As Insurance Commissioner, I will have three main goals: protecting you the consumer, re-building our economy and cracking down on fraud. My highest priority is ensuring that you have the peace of mind that the insurance you pay for will always be there when you need it most. I have proven I can get things done. I have already fought for and enacted major tax code reforms that encourage job development so that we can keep the jobs we desperately need in these tough times. I support cost containment measures to keep worker's compensation rates low, which reduces the cost of doing business in California. It is unfair to all of us that insurance fraud costs Californians an average of $500 per resident and causes a staggering rise in insurance premiums. I will track down and prosecute those who commit fraud, which will protect consumers and lower premiums. This year, I successfully passed a program to help thousands of Californians who have been denied coverage because of pre-existing conditions. I will push for more affordable health care by allowing out-of-state insurers to compete in California, expanding state tax deductions for health, dental and vision expenses plus permitting California residents to shop for health insurance across state lines. I also favor letting people carry their health insurance between jobs. Happily married and the father of three children, I will fight hard for you, crack down on fraud and push common sense solutions to improve health care and our economy. Visit www.mikevillines.com.

★ SUPERINTENDENT OF PUBLIC INSTRUCTION (NONPARTISAN OFFICE) ★

- As the state's chief public schools official, provides education policy and direction to local school districts.
- Directs all functions of the Department of Education and executes policies set by the State Board of Education.
- Serves as an ex-officio member of governing boards of the state's higher education system.
- Works with the educational community to improve academic performance.

LARRY ACEVES

(408) 288-8181
larry@larryaceves2010.com
www.larryaceves2010.com

The *Los Angeles Times* called Larry Aceves a *"breath of fresh air"* and said, "retired school superintendent Larry Aceves strikes us as best suited to manage the state's large education bureaucracy and to bring reason and optimism to schools that have been torn apart by shrinking budgets and battles over whether and how much they should be punished for falling short of achievement goals." The *Contra Costa Times* added, *"Aceves is a nonpolitical outsider and has the experience, knowledge and independence to be an effective superintendent of public instruction."* Larry Aceves—parent, teacher, principal and school superintendent—has dedicated his life to our schools. As a kindergarten teacher, he taught in overcrowded classes and wanted to do more. As a principal, he worked with parents and teachers to improve his school. As a school superintendent, he managed hundreds of teachers and balanced a $70 million budget by cutting out waste and requiring accountability. Test scores improved under Larry's leadership. He expanded preschool programs and fought to get gangs out of the schools. He was even named "Superintendent of the Year." Larry Aceves is not another termed out politician looking for a job. He has pledged to get politics out of schools, by meeting with students, parents and teachers at schools throughout California—not meeting with lobbyists in Sacramento. Join Larry's campaign to improve our schools. Go to www.larryaceves2010.com or on Facebook.

TOM TORLAKSON

P.O. Box 21636
Concord, CA 94521

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tom@tomtorlakson.com
tomtorlakson.com

Teaching has been my life—and my passion—for the past 37 years. As a classroom teacher, coach, legislator and parent, I know our policies must be based on a simple question: *What is in the best interest of our children?* Not bureaucrats and not politicians. It's time we had a teacher who will put children first and fundamentally reform our schools. First, I will demand real accountability through a comprehensive fiscal and performance audit to cut waste and mismanagement and put those savings into new textbooks and computers. Second, I'll make sure all our neighborhood schools are safe and expand after school, job training and mentorship programs. I'm proud to have received the endorsement of virtually *every major public safety organization* in California including the *California Professional Firefighters* along with local classroom teachers. Third, we need involved parents to support teaching that character counts while promoting trustworthiness, respect, responsibility, caring and good citizenship. Fourth, I'll expand *career technical education* for high school students. Finally, I'll make the health and fitness of students a top priority. As *Chair and Founder of the California Task Force on Youth and Workplace Wellness,* I led the effort to ban junk food from school campuses and expand physical education requirements. We can do this. We must do this. Our kids only get one chance at a good education. As a teacher, I have the experience, energy and ideas to transform our schools. Let's do this together. I'd be honored to earn your support.

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★ BOARD OF EQUALIZATION ★

Serves on the Board of Equalization, the state's elected tax commission, which:

- Oversees the administration of over two dozen tax and fee programs including those for sales and use, cigarette and tobacco, alcohol and fuels.
- Serves as the appellate body for California income and franchise tax cases.
- Oversees the administration of property tax statewide.

DISTRICT 1

SHERILL BORG
Peace and Freedom
www.peaceandfreedom.org

Tax the corporations.

BETTY T. YEE
Democratic
601 Van Ness Avenue, #E3-438
San Francisco, CA 94102
(415) 759-8355
info@bettyyee.com
www.bettyyee.com

My parents came to San Francisco as immigrants to start a new life, opening a small laundry business in 1956 that they operated for over 30 years. Just as a child I remember the challenges my parents faced to keep their laundry operating during good times and bad, so it is I am reminded of the difficulties facing working families today. The most important responsibility I have in my public service is to help restore our state's economy to health and get Californians back to work. Continuing to extend free taxpayer services and assistance, insisting upon fair, open hearings for taxpayers who appeal state tax decisions, and serving as a responsible steward of the State's revenues remain my highest priorities in serving you as a member of the Board. During my 25 years of public service, I have been entrusted to safeguard the State's revenues, always recognizing that it is your money. My obligation and responsibility are even greater during these difficult economic times. You deserve the best, most efficient government services to protect you and your families. My experience in making wise decisions with your tax dollars, my personal experience with a family-owned small business that struggled to make ends meet, and my unblemished track record of integrity during my 25 years of public service make me your best choice to continue my service and leadership on the Board. I would be honored and privileged to continue serving you on the Board of Equalization.

KEVIN R. SCOTT
Republican
www.kevinscott2010.org

I am running for the BOE because I believe our citizens and businesses are excessively taxed and regulated. Consequently, businesses are fleeing California in record numbers—shrinking our tax-base and leading to slashed budgets for police, fire, schools and other vital organizations. With oversight of 1,000,000 businesses in California, the BOE is uniquely positioned to create a more friendly business environment which will bring businesses back, reduce unemployment and improve our state budgets. If elected, I pledge to be the voice of fairness to taxpayers and businesses in California. Having been a Partner at the accounting firm PricewaterhouseCoopers and a Board Member for over twenty small businesses and foundations, I understand the frustration that has led to California's "anti-business" reputation. As a parent with three children in public schools, I see the despair in teachers' eyes as our schools deteriorate. The BOE desperately needs someone who understands that the efficient administration of taxpayer dollars is a non-partisan issue. Whether you are a democrat, republican or independent, I respectfully ask for your vote. With your support, we can bring balance to the BOE and restore our golden state. *www.kevinscott2010.org*

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DISTRICT 2

TOBY MITCHELL-SAWYER
Peace and Freedom
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(916) 459-0439
yankeesoderlund@netzero.net
peaceandfreedom.org/2010/toby-mitchell

Revive California's economy.

CHRIS PARKER
Democratic
P.O. Box 161527
Sacramento, CA 95816-1527
(916) 208-2136
chris@parkerforboe.com
www.parkerforboe.com

To get our state and economy working again, California needs more than what do-nothing, career politicians have been offering in Sacramento lately. Fixing our fiscal crisis is going to take principled leadership, new and fresh ideas, real-world experience, and, above all, a legitimate interest in solving our State's complex problems by putting people ahead of politics. As an experienced state tax attorney and recognized fiscal expert, I am not beholden to corporate special interests because I'm not a career politician. I will be an independent leader who is not afraid to stand up against politically entrenched Sacramento insiders. Teachers, business leaders, farmers, firefighters, and government reformers support me because I have a breadth of business experience and a proven record of catching individual and corporate tax cheats, rooting out fraud and abuse, and finding innovative ways to save taxpayers' dollars. The Franchise Tax Board awarded me its Certificate of Commendation for my work to improve government efficiency and deliver millions of dollars back to the state for vital education and public safety programs. As your representative to the Board of Equalization, I'll cut through bureaucratic red tape, reduce government waste, and protect your hard earned tax dollars. I'll give small businesses the tools they need to grow, attract 21st century industries, and fight to create good paying, middle-class jobs. Please visit *www.ParkerforBOE.com* to learn more about my experience. I am a problem solver with fiscal integrity—not a termed out politician. I would be honored to earn your support.

GEORGE RUNNER
Republican
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Sacramento, CA 95825
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www.georgerunner.com

The *Howard Jarvis Taxpayers Association* is supporting me because I have a passion for fighting against tax increases on California families and businesses. My extensive experience as a *Taxpayer Advocate* with a statewide taxpayer watchdog organization, as a businessman and as a state senator (who kept a no-tax pledge) uniquely qualifies me to protect the interests of you, the taxpayer. Politicians in Sacramento and Washington are killing job growth with regulation and red tape. They are worried that if I am elected to the Board, I will challenge the status quo. They are right. That is exactly what I will do. The state budget should be balanced with spending reductions and eliminating government waste, not tax increases. At some point, politicians will need to understand they can't continue to burden us with more taxation and bloated government programs. As a businessman, I understand that excessive regulation is preventing investment and job growth. By limiting the size and cost of government in California, we will help improve the business environment and create job growth. I authored Jessica's Law, which created the toughest sexual predator laws in the nation. We had to take Jessica's Law to the ballot because the Legislature failed to act. I also authored California's Amber Alert, which has resulted in nearly 200 reunions of abducted children with their parents. Visit GeorgeRunner.com to learn more about my mission to change California and protect the taxpayers of our state.

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DISTRICT 3

MARY LOU FINLEY
Peace and Freedom
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peaceandfreedom.org

Big corporations must pay their fair share.

MARY CHRISTIAN HEISING
Democratic
P.O. Box 524
La Jolla, CA 92038
marychristianheising@yahoo.com

San Diego Democratic Central Committee. Former Honorary Mayor of Pacific Beach. Former Member: San Diego Housing Advisory Board, California Retardation Board, Mesa College Advisory Board. San Diego State University Graduate.

MICHELLE STEEL
Republican
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Palos Verdes, CA 90274
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michellesteel@shawnsteel.com
www.steelforboe.com

California's taxes are among the highest in the nation. Yet the Sacramento politicians continue to call for even higher taxes to pay for their reckless spending spree. I have a different solution. Every level of state government must immediately tighten its belt and get serious about cutting waste, ending unchecked spending growth, and balancing its budget *without* higher taxes. On the Board of Equalization, I've worked to protect small businesses and taxpayers from overly aggressive state tax agencies. I was able to defeat efforts to create a $500 million tax on digital Internet downloads—the so-called I-Tax. I also began auditing state government and discovered that the state had delayed the return of $42 million in tax deposits owed to more than 5,500 small businesses. In addition, I've fought for the cause of small business owners, working to reduce taxes and repeal mandates and regulations that drive jobs and businesses out of our state. My husband and I own a small business, and we worry about our children's future, especially when businesses are leaving California every day because of high taxes and costly mandates. Now more than ever, our state must help small businesses by lowering taxes and reducing regulations. I'm proud to be endorsed by the Howard Jarvis Taxpayers Association, California's oldest and largest taxpayer advocacy group. As long as I am on the Board of Equalization, I will be a strong advocate for taxpayers, ensuring their voice is heard. I would be honored to have your support.

DISTRICT 4

NANCY LAWRENCE
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Tax the Rich!

PETER "PEDRO" DE BAETS
Libertarian
pedro@voteforpedro.com

www.VoteForPedro.com

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About Judicial Retention Elections

Justices of the California Supreme Court and California Courts of Appeal serve 12-year terms in office.

When a state Supreme Court or Court of Appeal justice is near the end of a term in office, voters are asked to decide if the justice will be retained (continue to serve) for an additional term. This is known as a retention election.

In retention elections, justices do not run against opposing candidates. If a justice receives a majority of "yes" votes, the justice may remain in his or her position. If a justice receives a majority of "no" votes, the justice will complete his or her current term, then a new justice will be appointed by the governor.

State Supreme Court justices hold statewide office so all California voters participate in Supreme Court retention elections. Background information on each of the Supreme Court justices up for retention election this November is available on page 91. For additional information about the California Supreme Court justices, visit *www.voterguide.sos.ca.gov* or *www.courtinfo.ca.gov*.

Courts of Appeal justices serve in one of six districts in California. Only registered voters within an appellate district are asked to determine if the justices of that district will be retained. For information about the Court of Appeal justices up for retention election in your district in November, visit *www.voterguide.sos.ca.gov* or *www.courtinfo.ca.gov*.

District-Level Candidate Statements

This Voter Information Guide includes information about all statewide ballot measures and some statewide candidates. Each State Senate and Assembly office relates to voters in only one or a few counties, so some candidate statements for those offices may be available in your county sample ballot booklet.

California law includes voluntary spending limits for candidates running for state legislative office (not federal office such as United States House of Representatives and United States Senate). Legislative candidates who choose to keep their campaign expenses under specified dollar amounts may purchase space in county sample ballot booklets for a candidate statement of up to 250 words.

State Senate candidates who have volunteered to limit their campaign spending may spend no more than $1,165,000 in a general election. Assembly candidates who have volunteered to limit their campaign spending may spend no more than $906,000 in a general election.

To view a list of legislative candidates who have accepted California's voluntary campaign spending limits, go to *www.sos.ca.gov/elections/elections_cand_stat.htm*.

California's voluntary campaign spending limits do not apply to candidates for United States House of Representatives. Therefore, all U.S. House of Representatives candidates have *the option* to purchase space for a candidate statement in county sample ballot booklets. (Some U.S. House of Representatives candidates choose not to purchase space for a candidate statement.)

For more information about Supreme Court Justices and Appellate Court Justices, visit *www.voterguide.sos.ca.gov* or *www.courtinfo.ca.gov* or call the toll-free Voter Hotline at (800) 345-VOTE (8683).

The Electoral Procedure

Under the California Constitution, justices of the Supreme Court and the courts of appeal are subject to confirmation by the voters. The public votes "yes" or "no" on whether to retain each justice.

These judicial offices are nonpartisan.

Before a person can become an appellate justice, the Governor must submit the candidate's name to the Judicial Nominees Evaluation Commission, which is comprised of public members and lawyers. The commission conducts a thorough review of the candidate's background and qualifications, with community input, and then forwards its evaluation of the candidate to the Governor.

The Governor then reviews the commission's evaluation and officially nominates the candidate, whose qualifications are subject to public comment before examination and review by the Commission on Judicial Appointments. That commission consists of the Chief Justice of California, the Attorney General of California, and a senior Presiding Justice of the Courts of Appeal. The Commission on Judicial Appointments must then confirm or reject the nomination. Only if confirmed does the nominee become a justice.

Following confirmation, the justice is sworn into office and is subject to voter approval at the next gubernatorial election, and thereafter at the conclusion of each term. The term prescribed by the California Constitution for justices of the Supreme Court and courts of appeal is 12 years. Justices are confirmed by the Commission on Judicial Appointments only until the next gubernatorial election, at which time they run for retention of the remainder of the term, if any, of their predecessor, which will be either four or eight years. (Elections Code Section 9083)

MING WILLIAM CHIN, Associate Justice of the Supreme Court of California

BAR ADMISSION: Admitted to California Bar in 1970.

EDUCATION: J.D. University of San Francisco School of Law, 1967; B.A. University of San Francisco, 1964.

PROFESSIONAL LEGAL BACKGROUND: 1967–1971, United States Army, Captain; 1970–1972, Deputy District Attorney, Alameda County; 1973–1988, Private Law Practice, Aiken, Kramer & Cummings—Oakland, California.

JUDICIAL BACKGROUND: Associate Justice, Supreme Court of California, 1996–present; Presiding Justice, Court of Appeal, First Appellate District, Division Three, 1995–1996; Associate Justice, Court of Appeal, First Appellate District, Division Three, 1990–1994; Judge, Superior Court, Alameda County, 1988–1990.

CARLOS R. MORENO, Associate Justice of the Supreme Court of California

BAR ADMISSION: Admitted to California Bar in 1975.

EDUCATION: Stanford Law School, J.D., 1975. Yale University, B.A., 1970.

PROFESSIONAL LEGAL BACKGROUND: Deputy City Attorney, Los Angeles City Attorney's Office, 1975–1979. Attorney, Kelley Drye & Warren law firm, 1979–1986.

JUDICIAL BACKGROUND: Associate Justice, Supreme Court of California, 2001 to present (nominated by Governor Gray Davis and confirmed by the Commission on Judicial Appointments and by the electorate, 2002); Judge, United States District Court, Central District of California, 1998–2001 (appointed by President Bill Clinton and confirmed by the U.S. Senate); Judge, Los Angeles Superior Court, 1993–1998 (appointed by Governor Pete Wilson and retained by electorate, 1994); Judge, Compton Municipal Court, 1986–1993 (appointed by Governor George Deukmejian and retained by electorate, 1988).

On July 21, 2010, the Honorable Tani Cantil-Sakauye, Associate Justice of the Court of Appeal, Third Appellate District, was nominated by Governor Arnold Schwarzenegger to be the next Chief Justice of California. The California Constitution requires that Justice Cantil-Sakauye's nomination be confirmed or rejected by the Commission on Judicial Appointments. If confirmed by the Commission, then Justice Cantil-Sakauye will be up for election on the November 2, 2010, General Election ballot. This voter information guide was required to be printed beginning on August 9, 2010, prior to the Commission's meeting to consider the nomination of Justice Cantil-Sakauye. For more information on judicial elections, see page 90 of this guide. For updated information on the Supreme Court Chief Justice nomination, go to *www.voterguide.sos.ca.gov* or *www.courtinfo.ca.gov*.

TANI CANTIL-SAKAUYE, Associate Justice, Court of Appeal, Third Appellate District

BAR ADMISSION: November 1984.

EDUCATION: U.C. Davis School of Law, J.D., 1984; U.C. Davis, B. A. – Rhetoric, 1980; Sacramento City College, A.A. 1978.

PROFESSIONAL LEGAL BACKGROUND: Deputy Legislative Secretary to Governor George Deukmejian (1989–1990); Deputy Legal Affairs Secretary to Governor George Deukmejian (1988–1989); Prosecutor, Sacramento County District Attorney's Office (1984–1988).

JUDICIAL BACKGROUND: Associate Justice, Court of Appeal, Third Appellate District (appointed 2005, retained 2006); Superior Court Judge, Sacramento County (appointed 1997, elected thereafter); Municipal Court Judge, Sacramento County (appointed 1990, elected thereafter).

PROPOSITION 19

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8, of the California Constitution.

This initiative measure amends and adds sections to the Health and Safety Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

The Regulate, Control and Tax Cannabis Act of 2010

Section 1. Name.

This act shall be known as the "Regulate, Control and Tax Cannabis Act of 2010."

SEC. 2. Findings, Intent and Purposes.

This act, adopted by the people of the State of California, makes the following Findings and Statement of Intent and Purpose:

A. Findings

1. California's laws criminalizing cannabis (marijuana) have failed and need to be reformed. Despite spending decades arresting millions of nonviolent cannabis consumers, we have failed to control cannabis or reduce its availability.

2. According to surveys, roughly 100 million Americans (around one-third of the country's population) acknowledge that they have used cannabis, 15 million of those Americans having consumed cannabis in the last month. Cannabis consumption is simply a fact of life for a large percentage of Americans.

3. Despite having some of the strictest cannabis laws in the world, the United States has the largest number of cannabis consumers. The percentage of our citizens who consume cannabis is double that of the percentage of people who consume cannabis in the Netherlands, a country where the selling and adult possession of cannabis is allowed.

4. According to The National Research Council's recent study of the 11 U.S. states where cannabis is currently decriminalized, there is little apparent relationship between severity of sanctions and the rate of consumption.

5. Cannabis has fewer harmful effects than either alcohol or cigarettes, which are both legal for adult consumption. Cannabis is not physically addictive, does not have long-term toxic effects on the body, and does not cause its consumers to become violent.

6. There is an estimated $15 billion in illegal cannabis transactions in California each year. Taxing and regulating cannabis, like we do with alcohol and cigarettes, will generate billions of dollars in annual revenues for California to fund what matters most to Californians: jobs, health care, schools, libraries, roads, and more.

7. California wastes millions of dollars a year targeting, arresting, trying, convicting, and imprisoning nonviolent citizens for cannabis-related offenses. This money would be better used to combat violent crimes and gangs.

8. The illegality of cannabis enables the continuation of an out-of-control criminal market, which in turn spawns other illegal and often violent activities. Establishing legal, regulated sales outlets would put dangerous street dealers out of business.

B. Purposes

1. Reform California's cannabis laws in a way that will benefit our state.

2. Regulate cannabis like we do alcohol: Allow adults to possess and consume small amounts of cannabis.

3. Implement a legal regulatory framework to give California more control over the cultivation, processing, transportation, distribution, and sales of cannabis.

4. Implement a legal regulatory framework to better police and prevent access to and consumption of cannabis by minors in California.

5. Put dangerous underground street dealers out of business, so their influence in our communities will fade.

6. Provide easier, safer access for patients who need cannabis for medical purposes.

7. Ensure, if a city decides not to tax and regulate the sale of cannabis, that buying and selling cannabis within that city's limits remain illegal, but that the city's citizens still have the right to possess and consume small amounts, except as permitted under Sections 11362.5 and 11362.7 through 11362.9 of the Health and Safety Code.

8. Ensure, if a city decides it does want to tax and regulate the buying and selling of cannabis (to and from adults only), that a strictly controlled legal system is implemented to oversee and regulate cultivation, distribution, and sales, and that the city will have control over how and how much cannabis can be bought and sold, except as permitted under Sections 11362.5 and 11362.7 through 11362.9 of the Health and Safety Code.

9. Tax and regulate cannabis to generate billions of dollars for our state and local governments to fund what matters most: jobs, health care, schools, libraries, parks, roads, transportation, and more.

10. Stop arresting thousands of nonviolent cannabis consumers, freeing up police resources and saving millions of dollars each year, which could be used for apprehending truly dangerous criminals and keeping them locked up, and for other essential state needs that lack funding.

11. Allow the Legislature to adopt a statewide regulatory system for a commercial cannabis industry.

12. Make cannabis available for scientific, medical, industrial, and research purposes.

13. Permit California to fulfill the state's obligations under the United States Constitution to enact laws concerning health, morals, public welfare, and safety within the state.

14. Permit the cultivation of small amounts of cannabis for personal consumption.

C. Intent

1. This act is intended to limit the application and enforcement of state and local laws relating to possession, transportation, cultivation, consumption, and sale of cannabis, including, but not limited to, the following, whether now existing or adopted in the future: Sections 11014.5 and 11364.5 (relating to drug paraphernalia), Section 11054 (relating to cannabis or tetrahydrocannabinols), Section 11357 (relating to possession), Section 11358 (relating to cultivation), Section 11359 (possession for sale), Section 11360 (relating to transportation and sales), Section 11366 (relating to maintenance of places), Section 11366.5 (relating to use of property), Section 11370 (relating to punishment), Section 11470 (relating to forfeiture), Section 11479 (relating to seizure and destruction), Section 11703 (relating to definitions regarding illegal substances), and Section 11705 (actions for use of illegal controlled substance) of the Health and Safety Code; and Sections 23222 and 40000.15 of the Vehicle Code (relating to possession).

2. This act is not intended to affect the application or enforcement of the following state laws relating to public health and safety or protection of children and others: Section 11357 (relating to

possession on school grounds), Section 11361 (relating to minors, as amended herein), Section 11379.6 (relating to chemical production), or Section 11532 (relating to loitering to commit a crime or acts not authorized by law) of the Health and Safety Code; Section 23152 of the Vehicle Code (relating to driving while under the influence); Section 272 of the Penal Code (relating to contributing to the delinquency of a minor); or any law prohibiting use of controlled substances in the workplace or by specific persons whose jobs involve public safety.

SEC. 3. Article 5 (commencing with Section 11300) is added to Chapter 5 of Division 10 of the Health and Safety Code, to read:

Article 5. Lawful Activities

11300. Personal Regulation and Controls.

(a) Notwithstanding any other provision of law, it is lawful and shall not be a public offense under California law for any person 21 years of age or older to:

(1) Personally possess, process, share, or transport not more than one ounce of cannabis, solely for that individual's personal consumption, and not for sale.

(2) Cultivate, on private property by the owner, lawful occupant, or other lawful resident or guest of the private property owner or lawful occupant, cannabis plants for personal consumption only, in an area of not more than 25 square feet per private residence or, in the absence of any residence, the parcel. Cultivation on leased or rented property may be subject to approval from the owner of the property. Provided that, nothing in this section shall permit unlawful or unlicensed cultivation of cannabis on any public lands.

(3) Possess on the premises where grown the living and harvested plants and results of any harvest and processing of plants lawfully cultivated pursuant to paragraph (2), for personal consumption.

(4) Possess objects, items, tools, equipment, products, and materials associated with activities permitted under this subdivision.

(b) "Personal consumption" shall include, but is not limited to, possession and consumption, in any form, of cannabis in a residence or other nonpublic place, and shall include licensed premises open to the public authorized to permit on-premises consumption of cannabis by a local government pursuant to Section 11301.

(c) "Personal consumption" shall not include, and nothing in this act shall permit, cannabis:

(1) Possession for sale regardless of amount, except by a person who is licensed or permitted to do so under the terms of an ordinance adopted pursuant to Section 11301.

(2) Consumption in public or in a public place.

(3) Consumption by the operator of any vehicle, boat, or aircraft while it is being operated, or that impairs the operator.

(4) Smoking cannabis in any space while minors are present.

11301. Commercial Regulations and Controls.

Notwithstanding any other provision of state or local law, a local government may adopt ordinances, regulations, or other acts having the force of law to control, license, regulate, permit, or otherwise authorize, with conditions, the following:

(a) The cultivation, processing, distribution, safe and secure transportation, and sale and possession for sale, of cannabis, but only by persons and in amounts lawfully authorized.

(b) The retail sale of not more than one ounce per transaction, in licensed premises, to persons 21 years or older, for personal consumption and not for resale.

(c) Appropriate controls on cultivation, transportation, sales, and consumption of cannabis to strictly prohibit access to cannabis by persons under the age of 21.

(d) Age limits and controls to ensure that all persons present in, employed by, or in any way involved in the operation of, any such licensed premises are 21 or older.

(e) Consumption of cannabis within licensed premises.

(f) The safe and secure transportation of cannabis from a licensed premises for cultivation or processing, to a licensed premises for sale or on-premises consumption of cannabis.

(g) Prohibit and punish through civil fines or other remedies the possession, sale, possession for sale, cultivation, processing, or transportation of cannabis that was not obtained lawfully from a person pursuant to this section or Section 11300.

(h) Appropriate controls on licensed premises for sale, cultivation, processing, or sale and on-premises consumption of cannabis, including limits on zoning and land use, locations, size, hours of operation, occupancy, protection of adjoining and nearby properties and persons from unwanted exposure, advertising, signs, and displays, and other controls necessary for protection of the public health and welfare.

(i) Appropriate environmental and public health controls to ensure that any licensed premises minimizes any harm to the environment, adjoining and nearby landowners, and persons passing by.

(j) Appropriate controls to restrict public displays or public consumption of cannabis.

(k) Appropriate taxes or fees pursuant to Section 11302.

(l) Such larger amounts as the local authority deems appropriate and proper under local circumstances, than those established under subdivision (a) of Section 11300 for personal possession and cultivation, or under this section for commercial cultivation, processing, transportation, and sale by persons authorized to do so under this section.

(m) Any other appropriate controls necessary for protection of the public health and welfare.

11302. Imposition and Collection of Taxes and Fees.

(a) Any ordinance, regulation, or other act adopted pursuant to Section 11301 may include the imposition of appropriate general, special or excise, transfer or transaction taxes, benefit assessments, or fees, on any activity authorized pursuant to that enactment, in order to permit the local government to raise revenue, or to recoup any direct or indirect costs associated with the authorized activity, or the permitting or licensing scheme, including without limitation: administration; applications and issuance of licenses or permits; inspection of licensed premises; and other enforcement of ordinances adopted under Section 11301, including enforcement against unauthorized activities.

(b) Any licensed premises shall be responsible for paying all federal, state, and local taxes, fees, fines, penalties, or other financial responsibility imposed on all or similarly situated businesses, facilities, or premises, including without limitation income taxes, business taxes, license fees, and property taxes, without regard to or identification of the business or items or services sold.

11303. Seizure.

Notwithstanding Sections 11470 and 11479 of this code or any other provision of law, no state or local law enforcement agency or official shall attempt to, threaten to, or in fact seize or destroy any cannabis plant, cannabis seeds, or cannabis that is lawfully cultivated, processed, transported, possessed, possessed for sale,

sold, or used in compliance with this act or any local government ordinance, law, or regulation adopted pursuant to this act.

11304. Effect of Act and Definitions.

(a) This act shall not be construed to affect, limit, or amend any statute that forbids impairment while engaging in dangerous activities such as driving, or that penalizes bringing cannabis to a school enrolling pupils in any grade from kindergarten through 12, inclusive.

(b) Nothing in this act shall be construed or interpreted to permit interstate or international transportation of cannabis. This act shall be construed to permit a person to transport cannabis in a safe and secure manner from a licensed premises in one city or county to a licensed premises in another city or county pursuant to any ordinances adopted in such cities or counties, notwithstanding any other state law or the lack of any such ordinance in the intervening cities or counties.

(c) No person shall be punished, fined, discriminated against, or be denied any right or privilege for lawfully engaging in any conduct permitted by this act or authorized pursuant to Section 11301. Provided, however, that the existing right of an employer to address consumption that actually impairs job performance by an employee shall not be affected.

(d) Definitions. For purposes of this act:

(1) "Marijuana" and "cannabis" are interchangeable terms that mean all parts of the plant Genus Cannabis, whether growing or not; the resin extracted from any part of the plant; concentrated cannabis; edible products containing same; and every active compound, manufacture, derivative, or preparation of the plant, or resin.

(2) "One ounce" means 28.5 grams.

(3) For purposes of paragraph (2) of subdivision (a) of Section 11300, "cannabis plant" means all parts of a living cannabis plant.

(4) In determining whether an amount of cannabis is or is not in excess of the amounts permitted by this act, the following shall apply:

(A) Only the active amount of the cannabis in an edible cannabis product shall be included.

(B) Living and harvested cannabis plants shall be assessed by square footage, not by weight, in determining the amounts set forth in subdivision (a) of Section 11300.

(C) In a criminal proceeding, a person accused of violating a limitation in this act shall have the right to an affirmative defense that the cannabis was reasonably related to his or her personal consumption.

(5) "Residence" means a dwelling or structure, whether permanent or temporary, on private or public property, intended for occupation by a person or persons for residential purposes, and includes that portion of any structure intended for both commercial and residential purposes.

(6) "Local government" means a city, county, or city and county.

(7) "Licensed premises" is any commercial business, facility, building, land, or area that has a license, permit or is otherwise authorized to cultivate, process, transport, sell, or permit on-premises consumption of cannabis pursuant to any ordinance or regulation adopted by a local government pursuant to Section 11301, or any subsequently enacted state statute or regulation.

SEC. 4. Section 11361 of the Health and Safety Code is amended to read:

11361. *Prohibition on Furnishing Marijuana to Minors.*

(a) Every person 18 years of age or over who hires, employs, or uses a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any marijuana, who unlawfully sells, or offers to sell, any marijuana to a minor, or who furnishes, administers, or gives, or offers to furnish, administer, or give any marijuana to a minor under 14 years of age, or who induces a minor to use marijuana in violation of law shall be punished by imprisonment in the state prison for a period of three, five, or seven years.

(b) Every person 18 years of age or over who furnishes, administers, or gives, or offers to furnish, administer, or give, any marijuana to a minor 14 years of age or older shall be punished by imprisonment in the state prison for a period of three, four, or five years.

(c) Every person 21 years of age or over who knowingly furnishes, administers, or gives, or offers to furnish, administer, or give, any marijuana to a person aged 18 years or older, but younger than 21 years of age, shall be punished by imprisonment in the county jail for a period of up to six months and be fined up to one thousand dollars ($1,000) for each offense.

(d) In addition to the penalties above, any person who is licensed, permitted, or authorized to perform any act pursuant to Section 11301, who while so licensed, permitted, or authorized, negligently furnishes, administers, gives, or sells, or offers to furnish, administer, give, or sell, any marijuana to any person younger than 21 years of age shall not be permitted to own, operate, be employed by, assist, or enter any licensed premises authorized under Section 11301 for a period of one year.

SEC. 5. Amendment.

Pursuant to subdivision (c) of Section 10 of Article II of the California Constitution, this act may be amended either by a subsequent measure submitted to a vote of the people at a statewide election; or by statute validly passed by the Legislature and signed by the Governor, but only to further the purposes of the act. Such permitted amendments include, but are not limited to:

(a) Amendments to the limitations in Section 11300 of the Health and Safety Code, which limitations are minimum thresholds and the Legislature may adopt less restrictive limitations.

(b) Statutes and authorized regulations to further the purposes of the act to establish a statewide regulatory system for a commercial cannabis industry that addresses some or all of the items referenced in Sections 11301 and 11302 of the Health and Safety Code.

(c) Laws to authorize the production of hemp or nonactive cannabis for horticultural and industrial purposes.

SEC. 6. Severability.

If any provision of this measure or the application thereof to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of the measure that can be given effect without the invalid provision or application, and to this end the provisions of this measure are severable.

PROPOSITION 20

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the California Constitution.

This initiative measure expressly amends the California Constitution by amending sections thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

THE VOTERS FIRST ACT FOR CONGRESS

SECTION 1. Title.

This act shall be known and may be cited as the "Voters FIRST Act for Congress."

SEC. 2. Findings and Purpose.

The People of the State of California hereby make the following findings and declare their purpose in enacting this act is as follows:

(a) Under current law, California legislators draw the districts for Congress. Allowing politicians to draw these districts, to make them safe for incumbents, or to tailor the districts for the election of themselves or their friends, or to bar the districts to the election of their adversaries, is a serious abuse that harms voters.

(b) Politicians draw districts that serve their interests, not those of our communities. Cities, counties, and communities are currently split between bizarrely jagged congressional districts designed to make those districts safe for particular parties and particular incumbents. We need reform to keep our communities together so everyone has representation.

(c) This reform will make the redistricting process for Congress open so it cannot be controlled by whichever party is in power. It will give the redistricting for Congress to the independent Citizens Redistricting Commission, which already has the authority to draw the districts for the Legislature and the Board of Equalization. The membership of the commission will have three groups of members: five Democrats; five Republicans; and four members registered with neither of those parties, who will carry the voices of independent and minor-party voters who are completely shut out of the current process. The new districts will be fair because support from all three groups is required for approval of any new redistricting plan.

(d) The independent Citizens Redistricting Commission will draw districts based on strict, nonpartisan rules designed to ensure fair representation. This reform takes redistricting of Congress out of the partisan battles of the Legislature and guarantees redistricting for Congress will be debated in the open in public meetings. All minutes will be posted publicly on the Internet. Every aspect of this process will be open to scrutiny by the public and the press.

(e) In the current process, politicians are choosing the voters instead of voters having a real choice. This reform will put the voters back in charge.

SEC. 3. Amendment of Article XXI of the California Constitution.

SEC. 3.1. Section 1 of Article XXI of the California Constitution is amended to read:

SECTION 1. In the year following the year in which the national census is taken under the direction of Congress at the beginning of each decade, the ~~Legislature~~ *Citizens Redistricting Commission described in Section 2* shall adjust the boundary lines of ~~congressional districts~~ *the congressional, State Senatorial, Assembly, and Board of Equalization districts (also known as "redistricting")* in conformance with the ~~following~~ standards and process *set forth in Section 2.*~~:~~

~~(a) Each member of Congress shall be elected from a single member district.~~

~~(b) The population of all congressional districts shall be reasonably equal. After following this criterion, the Legislature shall adjust the boundary lines according to the criteria set forth and prioritized in paragraphs (2), (3), (4), and (5) of subdivision (d) of Section 2. The Legislature shall issue, with its final map, a report that explains the basis on which it made its decisions in achieving compliance with these criteria and shall include definitions of the terms and standards used in drawing its final map.~~

~~(c) Congressional districts shall be numbered consecutively commencing at the northern boundary of the State and ending at the southern boundary.~~

~~(d) The Legislature shall coordinate with the Citizens Redistricting Commission established pursuant to Section 2 to hold concurrent hearings, provide access to redistricting data and software, and otherwise ensure full public participation in the redistricting process. The Legislature shall comply with the open hearing requirements of paragraphs (1), (2), (3), and (7) of subdivision (a) of, and subdivision (b) of, Section 8253 of the Government Code, or its successor provisions of statute.~~

SEC. 3.2. Section 2 of Article XXI of the California Constitution is amended to read:

SEC. 2. (a) The Citizens Redistricting Commission ~~shall draw new district lines (also known as "redistricting") for State Senate, Assembly, and Board of Equalization districts. This commission~~ shall be created no later than December 31 in 2010, and in each year ending in the number zero thereafter.

(b) The ~~Citizens Redistricting Commission (hereinafter the "commission")~~ *commission* shall: (1) conduct an open and transparent process enabling full public consideration of and comment on the drawing of district lines; (2) draw district lines according to the redistricting criteria specified in this article; and (3) conduct themselves with integrity and fairness.

(c) (1) The selection process is designed to produce a ~~Citizens Redistricting Commission~~ *commission* that is independent from legislative influence and reasonably representative of this State's diversity.

(2) The ~~Citizens Redistricting Commission~~ *commission* shall consist of 14 members, as follows: five who are registered with the largest political party in California based on registration, five who are registered with the second largest political party in California based on registration, and four who are not registered with either of the two largest political parties in California based on registration.

(3) Each commission member shall be a voter who has been continuously registered in California with the same political party or unaffiliated with a political party and who has not changed political party affiliation for five or more years immediately preceding the date of his or her appointment. Each commission member shall have voted in two of the last three statewide general elections immediately preceding his or her application.

(4) The term of office of each member of the commission expires upon the appointment of the first member of the succeeding commission.

(5) Nine members of the commission shall constitute a quorum. Nine or more affirmative votes shall be required for any official action. The ~~three~~ *four* final *redistricting* maps must be approved by at least nine affirmative votes which must include at least three votes of members registered from each of the two largest political parties in California based on registration and three votes from members who are not registered with either of these two political parties.

(6) Each commission member shall apply this article in a manner that is impartial and that reinforces public confidence in the integrity of the redistricting process. A commission member shall be ineligible for a period of 10 years beginning from the date of appointment to hold elective public office at the federal, state, county or city level in this State. A member of the commission shall be ineligible for a period of five years beginning from the date of appointment to hold appointive federal, state, or local public office, to serve as paid staff for*, or as a paid consultant to, the Board of Equalization, the Congress,* the Legislature*,* or any individual legislator*,* or to register as a federal, state or local lobbyist in this State.

(d) The commission shall establish single-member districts for the Senate, Assembly, *Congress,* and State Board of Equalization pursuant to a mapping process using the following criteria as set forth in the following order of priority:

(1) Districts shall comply with the United States Constitution. ~~Senate~~ *Congressional districts shall achieve population equality as nearly as is practicable, and Senatorial*, Assembly, and State Board of Equalization districts shall have reasonably equal population with other districts for the same office, except where deviation is required to comply with the federal Voting Rights Act or allowable by law.

(2) Districts shall comply with the federal Voting Rights Act (42 U.S.C. Sec. 1971 and following).

(3) Districts shall be geographically contiguous.

(4) The geographic integrity of any city, county, city and county, *local* neighborhood, or *local* community of interest shall be respected *in a manner that minimizes their division* to the extent possible without violating the requirements of any of the preceding subdivisions. *A community of interest is a contiguous population which shares common social and economic interests that should be included within a single district for purposes of its effective and fair representation. Examples of such shared interests are those common to an urban area, a rural area, an industrial area, or an agricultural area, and those common to areas in which the people share similar living standards, use the same transportation facilities, have similar work opportunities, or have access to the same media of communication relevant to the election process.* Communities of interest shall not include relationships with political parties, incumbents, or political candidates.

(5) To the extent practicable, and where this does not conflict with the criteria above, districts shall be drawn to encourage geographical compactness such that nearby areas of population are not bypassed for more distant population.

(6) To the extent practicable, and where this does not conflict with the criteria above, each Senate district shall be comprised of two whole, complete, and adjacent Assembly districts, and each Board of Equalization district shall be comprised of 10 whole, complete, and adjacent Senate districts.

(e) The place of residence of any incumbent or political candidate shall not be considered in the creation of a map. Districts shall not be drawn for the purpose of favoring or discriminating against an incumbent, political candidate, or political party.

(f) Districts for the *Congress,* Senate, Assembly, and State Board of Equalization shall be numbered consecutively commencing at the northern boundary of the State and ending at the southern boundary.

(g) By ~~September~~ *August* 15 in 2011, and in each year ending in the number one thereafter, the commission shall approve *four* ~~three~~ final maps that separately set forth the district boundary lines for the ~~Senate~~ *congressional, Senatorial*, Assembly, and State Board of Equalization districts. Upon approval, the commission shall certify the *four* ~~three~~ final maps to the Secretary of State.

(h) The commission shall issue, with each of the *four* ~~three~~ final maps, a report that explains the basis on which the commission made its decisions in achieving compliance with the criteria listed in subdivision (d) and shall include definitions of the terms and standards used in drawing each final map.

(i) Each certified final map shall be subject to referendum in the same manner that a statute is subject to referendum pursuant to Section 9 of Article II. The date of certification of a final map to the Secretary of State shall be deemed the enactment date for purposes of Section 9 of Article II.

(j) If the commission does not approve a final map by at least the requisite votes or if voters disapprove a certified final map in a referendum, the Secretary of State shall immediately petition the *California* Supreme Court for an order directing the appointment of special masters to adjust the boundary lines of that map in accordance with the redistricting criteria and requirements set forth in subdivisions (d), (e), and (f). Upon its approval of the masters' map, the court shall certify the resulting map to the Secretary of State, which map shall constitute the certified final map for the subject type of district.

SEC. 3.3. Section 3 of Article XXI of the California Constitution is amended to read:

SEC. 3. (a) The commission has the sole legal standing to defend any action regarding a certified final map, and shall inform the Legislature if it determines that funds or other resources provided for the operation of the commission are not adequate. The Legislature shall provide adequate funding to defend any action regarding a certified map. The commission has sole authority to determine whether the Attorney General or other legal counsel retained by the commission shall assist in the defense of a certified final map.

(b) (1) The *California* Supreme Court has original and exclusive jurisdiction in all proceedings in which a certified final map is challenged *or is claimed not to have taken timely effect.*

(2) Any registered voter in this state may file a petition for a writ of mandate or writ of prohibition, within 45 days after the commission has certified a final map to the Secretary of State, to bar the Secretary of State from implementing the plan on the grounds that the filed plan violates this Constitution, the United States Constitution, or any federal or state statute. *Any registered voter in this state may also file a petition for a writ of mandate or writ of prohibition to seek relief where a certified final map is subject to a referendum measure that is likely to qualify and stay the timely implementation of the map.*

(3) The *California* Supreme Court shall give priority to ruling on a petition for a writ of mandate or a writ of prohibition filed pursuant to paragraph (2). If the court determines that a final

certified map violates this Constitution, the United States Constitution, or any federal or state statute, the court shall fashion the relief that it deems appropriate*, including, but not limited to, the relief set forth in subdivision (j) of Section 2*.

SEC. 4. Conflicting Ballot Propositions.

(a) In the event this measure and another measure or measures relating to the redistricting of Senatorial, Assembly, congressional, or Board of Equalization districts are approved by a majority of voters at the same election, and this measure receives a greater number of affirmative votes than any other such measure or measures, this measure shall control in its entirety and the other measure or measures shall be rendered void and without any legal effect. If this measure is approved by a majority of the voters but does not receive a greater number of affirmative votes than the other measure or measures, this measure shall take effect to the extent permitted by law.

(b) If this measure is approved by voters but is superseded in whole or in part by the provisions of any other conflicting measure approved by the voters and receiving a greater number of affirmative votes at the same election, and the conflicting measure or any superseding provisions thereof are subsequently held to be invalid, the formerly superseded provisions of this measure shall be self-executing and given full force of law.

SEC. 5. Severability.

The provisions of this act are severable. If any provision of this act or its application is held to be invalid, that invalidity shall not affect other provisions or applications that can be given effect in the absence of the invalid provision or application.

PROPOSITION 21

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8, of the California Constitution.

This initiative measure adds sections to the Public Resources Code and the Revenue and Taxation Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

State Parks and Wildlife Conservation Trust Fund Act

The people of the State of California find and declare all of the following:

(1) California's natural resources and wildlife must be preserved and protected for future generations.

(2) The California state park system is essential to protecting these resources for the people of California. Along with the wildlife protection and conservation agencies of the state, the state park system is responsible for preserving the state's unique wildlife, natural lands, and ocean resources.

(3) Persistent underfunding of the state park system and wildlife conservation has resulted in a backlog of more than a billion dollars in needed repairs and improvements, and threatens the closure of parks throughout the state and the loss of protection for many of the state's most important natural and cultural resources, recreational opportunities, and wildlife habitat.

(4) California's state park system benefits all Californians by providing opportunities for recreation, nature education, and preservation of cultural and historic landmarks, and by protecting natural resources that improve the state's air and water quality.

(5) Californians deserve a world-class state park system that will preserve and protect the unique natural and cultural resources of the state for future generations.

(6) Rebuilding the state park system and protecting the state's wildlife resources will grow California's economy and create jobs by drawing millions of tourists each year to contribute to the state's multibillion-dollar tourism economy.

(7) It is the intent of the people in enacting this measure to protect the state's resources and wildlife by establishing a stable, reliable, and adequate funding source for the state park system and for wildlife conservation, and to provide increased and equitable access to those resources for all Californians.

(8) It is further the intent of the people that the state park system be operated and maintained at a level of excellence, allow increased access to state parks for all Californians while continuing to charge out-of-state visitors for the use of state parks, and protect the state's natural and cultural resources, recreational opportunities, and wildlife for future generations.

SECTION 1. Chapter 1.21 (commencing with Section 5081) is added to Division 5 of the Public Resources Code, to read:

CHAPTER 1.21. STATE PARKS AND WILDLIFE CONSERVATION TRUST FUND ACT

Article 1. Trust Fund

5081. There is hereby established the State Parks and Wildlife Conservation Trust Fund in the State Treasury. All money deposited in the fund shall be held in trust for the people of the State of California and used solely for the purposes of this chapter. The moneys in the fund shall be available for appropriation only for the following purposes:

(a) Operation, maintenance, and repair of facilities, including visitor centers, restrooms, campsites, and ranger stations, in the state park system.

(b) Wildlife conservation and protection of natural resources, including forests, other natural lands, and lands that provide clean water, clean air, and protect the health of people and nature.

(c) Expanding public access to the state park system and natural areas through outreach, public education, improved transportation access and providing for the safety and security of park visitors.

(d) Development, management, and expansion of state park units and facilities as needed to provide and enhance public access and recreational opportunities.

(e) Protecting rivers, lakes, streams, coastal waters, and marine resources.

(f) Grants to local agencies that operate units of the state park system to offset the loss of day use revenues as provided in this chapter, and to state and local agencies that manage river parkways.

(g) Protecting and restoring state park cultural and historical resources.

(h) Auditing and oversight of the implementation of this chapter to ensure that funds are only spent in accordance with the provisions of this chapter and are not diverted or misspent.

(i) Other costs related to the operation and management of the state park system.

(j) Collection costs for the State Parks Access Pass.

5082. The Department of Parks and Recreation shall prepare a strategic plan to improve access to the state park system that addresses the needs of each region of the state and identifies

programs and policies consistent with this chapter to improve access to state parks and state park services and benefits to underserved groups and regions.

5082.5. For the purposes of this chapter, "fund" means the State Parks and Wildlife Conservation Trust Fund.

5082.6. For the purposes of this chapter, "department" means the Department of Parks and Recreation.

5082.7. For the purposes of this chapter, "wildlife" has the same meaning as provided in Section 711.2 of the Fish and Game Code.

Article 2. Fiscal Accountability and Oversight

5085. (a) The State Parks and Wildlife Conservation Trust Fund shall be subject to an annual independent audit by the State Auditor that shall be released to the public, placed on the department's Internet Web site, and submitted to the Legislature for review as part of the state budget.

(b) Up to 1 percent of the annual revenues of the fund may be used for auditing, oversight, and administrative costs of this article and costs for collection of the State Parks Access Pass.

(c) The Secretary of Natural Resources shall establish the Citizens Oversight Committee to review the annual audit and issue a public report on the implementation of this chapter and its effectiveness at protecting state parks and natural resources. Members shall include citizens with expertise in business and finance, park management, natural resource protection, cultural and historical resource protection, and other disciplines as may be deemed necessary by the secretary.

5085.5. Funds deposited into the State Parks and Wildlife Conservation Trust Fund, together with any interest earned by the fund, shall be used solely for the purpose of this chapter and shall not be subject to appropriation, reversion, or transfer for any other purpose, shall not be loaned to the General Fund or any other fund for any purpose, and shall not be used for the payment of interest, principal, or other costs related to general obligation bonds.

5086. Notwithstanding any other provision of law, all state park fee and concession revenues shall be deposited into the State Parks and Recreation Fund pursuant to Section 5010, and, together with any interest earned thereon, shall be available for appropriation only to the department for operation, management, planning, and development of the state park system and shall not be subject to appropriation, reversion, or transfer for any other purpose, shall not be loaned to the General Fund or any other fund for any purpose, and shall not be used for the payment of interest, principal, or other costs related to general obligation bonds.

5086.5. It is the intent of the people in enacting this chapter to provide a stable and adequate level of funding to the department. General Fund moneys used to support the department may be reallocated to other uses if the Legislature determines that the financial resources provided from the State Parks and Wildlife Conservation Trust Fund and the State Parks and Recreation Fund are adequate to fully maintain and operate the state park system.

Article 3. State Parks Access Pass

5087. (a) All California vehicles subject to the State Parks Access Pass shall have free admission to all units of the state park system and to designated state lands and wildlife areas as provided in this chapter.

(b) For the purposes of this section, "free admission" means free vehicle admission, parking, and day use at all units of the state park system and shall be subject only to those limitations as the department deems necessary to manage the state park system to avoid overcrowding and damage to natural and cultural resources and for public health and safety. Other state and local agencies shall designate those lands whose management and operation is funded pursuant to this chapter for free vehicle access where that access is consistent with the management objectives of the land. As used in this subdivision, free admission does not include camping, tour fees, swimming pool fees, the use of boating facilities, museum and special event fees, any supplemental fees, or special event parking fees.

5087.1. The department shall issue rebates of the State Parks Access Pass surcharge to veterans who qualify for a park fee exemption pursuant to Section 5011.5.

Article 4. Allocation of State Parks and Wildlife Conservation Trust Fund Revenues

5088. Except for the costs pursuant to Article 2 (commencing with Section 5085) of audits, oversight, and collection costs, all funds deposited in the State Parks and Wildlife Conservation Trust Fund shall be allocated only to the following agencies and as provided in this section:

(a) Eighty-five percent shall be available for appropriation from the fund to the department. Except for costs for grants and grant management pursuant to Section 5088.1, all funds allocated for appropriation to the department shall be used only for operation, management, planning, and development of the state park system.

(b) Seven percent shall be available for appropriation from the fund to the Department of Fish and Game for the management and operation of wildlife refuges, ecological reserves, and other lands owned or managed by the Department of Fish and Game for wildlife conservation.

(c) Four percent shall be available for appropriation from the fund to the Ocean Protection Council for marine wildlife conservation and the protection of coastal waters, with first priority given to the development, operation, management, and monitoring of marine protected areas.

(d) Two percent shall be available for appropriation from the fund to state conservancies for management, operation, and wildlife conservation on state lands that are managed for park and wildlife habitat purposes by those conservancies. A state conservancy may provide grants to a local agency that assists the conservancy in managing state-owned lands under that conservancy's jurisdiction.

(e) Two percent shall be available for appropriation from the fund to the Wildlife Conservation Board for grants to local public agencies for wildlife conservation.

5088.1. The department shall develop and administer a program of grants to public agencies to enhance the operation, management, and restoration of urban river parkways providing recreational benefits and access to open space and wildlife areas to underserved urban communities. The department shall allocate each year an amount equal to 4 percent of the funds deposited in the State Parks and Wildlife Conservation Trust Fund from the funds the department receives pursuant to subdivision (a) of Section 5088. For the purposes of this section, "public agencies" means state agencies, cities, counties, cities and counties, local park districts, and joint powers authorities. In consultation with the California River Parkways Program (Chapter 3.8 (commencing with Section 5750)), the department shall adopt best management practices for the stewardship, operation, and management of urban river parkways. The department shall consider those best

management practices and providing continuity of funding for urban river parkways when allocating grant funds pursuant to this section. The department shall give highest priority for grants to urban river parkways that benefit the most underserved communities.

5088.2. The department shall provide grants to local agencies operating units of the state park system to assist in the operation and maintenance of those units. The department shall first grant available funds to local agencies operating units of the state park system that, prior to the implementation of this chapter, charged entry or parking fees on vehicles, and shall allocate any remaining funds, on a prorated basis, to local agencies to assist in the operation and maintenance of state park units managed by local agencies, based on the average annual operating expenses of those units over the three previous years, as certified by the chief financial officer of that local agency. Of the funds provided in subdivision (a) of Section 5088, an amount equal to 5 percent of the amount deposited in the fund shall be available for appropriation for the purposes of this section. The department shall develop guidelines for the implementation of this section.

5089. For the purposes of this chapter, eligible expenditures for wildlife conservation include direct expenditures and grants for operation, management, development, restoration, maintenance, law enforcement and public safety, interpretation, costs to provide appropriate public access, and other costs necessary for the protection and management of natural resources and wildlife, including scientific monitoring and analysis required for adaptive management.

5090. Funds provided pursuant to this chapter, and any appropriation or transfer of those funds, shall not be deemed to be a transfer of funds for the purposes of Chapter 9 (commencing with Section 2780) of Division 3 of the Fish and Game Code.

SEC. 2. Section 10751.5 is added to the Revenue and Taxation Code, to read:

10751.5. (a) Except as provided in subdivision (b), in addition to the license fee imposed pursuant to Section 10751, for licenses and renewals on or after January 1, 2011, there shall also be imposed an annual surcharge, to be called the State Parks Access Pass, in the amount of eighteen dollars ($18) on each vehicle subject to the license fee imposed by that section. All revenues from the surcharge shall be deposited into the State Parks and Wildlife Conservation Trust Fund pursuant to subdivision (a) of Section 5081 of the Public Resources Code.

(b) The surcharge established in subdivision (a) shall not apply to the following vehicles:

(1) Vehicles subject to the Commercial Vehicle Registration Act (Section 4000.6 of the Vehicle Code).

(2) Trailers subject to Section 5014.1 of the Vehicle Code.

(3) Trailer coaches as defined by Section 635 of the Vehicle Code.

PROPOSITION 22

This initiative measure is submitted to the people of California in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends, amends and renumbers, repeals, and adds sections to the California Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

Section 1. Title.

This act shall be known and may be cited as the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010."

Section 2. Findings and Declarations.

The people of the State of California find and declare that:

(a) In order to maintain local control over local taxpayer funds and protect vital services like local fire protection and 9-1-1 emergency response, law enforcement, emergency room care, public transit, and transportation improvements, California voters have repeatedly and overwhelmingly voted to restrict state politicians in Sacramento from taking revenues dedicated to funding local government services and dedicated to funding transportation improvement projects and services.

(b) By taking these actions, voters have acknowledged the critical importance of preventing State raids of revenues dedicated to funding vital local government services and transportation improvement projects and services.

(c) Despite the fact that voters have repeatedly passed measures to prevent the State from taking these revenues dedicated to funding local government services and transportation improvement projects and services, state politicians in Sacramento have seized and borrowed billions of dollars in local government and transportation funds.

(d) In recent years, state politicians in Sacramento have specifically:

(1) Borrowed billions of dollars in local property tax revenues that would otherwise be used to fund local police, fire and paramedic response, and other vital local services;

(2) Sought to take and borrow billions of dollars in gas tax revenues that voters have dedicated to on-going transportation projects and tried to use them for non-transportation purposes;

(3) Taken local community redevelopment funds on numerous occasions and used them for unrelated purposes;

(4) Taken billions of dollars from local public transit like bus, shuttle, light-rail, and regional commuter rail, and used these funds for unrelated state purposes.

(e) The continued raiding and borrowing of revenues dedicated to funding local government services and dedicated to funding transportation improvement projects can cause severe consequences, such as layoffs of police, fire and paramedic first responders, fire station closures, healthcare cutbacks, delays in road safety improvements, public transit fare increases, and cutbacks in public transit services.

(f) State politicians in Sacramento have continued to ignore the will of the voters, and current law provides no penalties when state politicians take or borrow these dedicated funds.

(g) It is hereby resolved, that with approval of this ballot initiative, state politicians in Sacramento shall be prohibited from seizing, diverting, shifting, borrowing, transferring, suspending, or otherwise taking or interfering with tax revenues dedicated to

funding local government services or dedicated to transportation improvement projects and services.

Section 2.5. Statement of Purpose.

The purpose of this measure is to conclusively and completely prohibit state politicians in Sacramento from seizing, diverting, shifting, borrowing, transferring, suspending, or otherwise taking or interfering with revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services.

Section 3. Section 24 of Article XIII of the California Constitution is amended to read:

(a) The Legislature may not impose taxes for local purposes but may authorize local governments to impose them.

(b) The Legislature may not reallocate, transfer, borrow, appropriate, restrict the use of, or otherwise use the proceeds of any tax imposed or levied by a local government solely for the local government's purposes.

(c) Money appropriated from state funds to a local government for its local purposes may be used as provided by law.

(d) Money subvened to a local government under Section 25 may be used for state or local purposes.

Section 4. Section 25.5 of Article XIII of the California Constitution is amended to read:

SEC. 25.5. (a) On or after November 3, 2004, the Legislature shall not enact a statute to do any of the following:

(1) (A) Except as otherwise provided in subparagraph (B), modify the manner in which ad valorem property tax revenues are allocated in accordance with subdivision (a) of Section 1 of Article XIII A so as to reduce for any fiscal year the percentage of the total amount of ad valorem property tax revenues in a county that is allocated among all of the local agencies in that county below the percentage of the total amount of those revenues that would be allocated among those agencies for the same fiscal year under the statutes in effect on November 3, 2004. For purposes of this subparagraph, "percentage" does not include any property tax revenues referenced in paragraph (2).

(B) ~~Beginning with the 2008–09~~ *In the 2009–10* fiscal year *only,* and except as otherwise provided in subparagraph (C), subparagraph (A) may be suspended for ~~a~~ *that* fiscal year if all of the following conditions are met:

(i) The Governor issues a proclamation that declares that, due to a severe state fiscal hardship, the suspension of subparagraph (A) is necessary.

(ii) The Legislature enacts an urgency statute, pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, that contains a suspension of subparagraph (A) for that fiscal year and does not contain any other provision.

(iii) No later than the effective date of the statute described in clause (ii), a statute is enacted that provides for the full repayment to local agencies of the total amount of revenue losses, including interest as provided by law, resulting from the modification of ad valorem property tax revenue allocations to local agencies. This full repayment shall be made not later than the end of the third fiscal year immediately following the fiscal year to which the modification applies.

~~(C) (i) Subparagraph (A) shall not be suspended for more than two fiscal years during any period of 10 consecutive fiscal years, which period begins with the first fiscal year for which subparagraph (A) is suspended.~~

~~(ii) Subparagraph (A) shall not be suspended during any fiscal year if the full repayment required by a statute enacted in accordance with clause (iii) of subparagraph (B) has not yet been completed.~~

~~(iii) Subparagraph (A) shall not be suspended during any fiscal year if the amount that was required to be paid to cities, counties, and cities and counties under Section 10754.11 of the Revenue and Taxation Code, as that section read on November 3, 2004, has not been paid in full prior to the effective date of the statute providing for that suspension as described in clause (ii) of subparagraph (B).~~

~~(iv)~~ *(C)* A suspension of subparagraph (A) shall not result in a total ad valorem property tax revenue loss to all local agencies within a county that exceeds 8 percent of the total amount of ad valorem property tax revenues that were allocated among all local agencies within that county for the fiscal year immediately preceding the fiscal year for which subparagraph (A) is suspended.

(2) (A) Except as otherwise provided in subparagraphs (B) and (C), restrict the authority of a city, county, or city and county to impose a tax rate under, or change the method of distributing revenues derived under, the Bradley-Burns Uniform Local Sales and Use Tax Law set forth in Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code, as that law read on November 3, 2004. The restriction imposed by this subparagraph also applies to the entitlement of a city, county, or city and county to the change in tax rate resulting from the end of the revenue exchange period, as defined in Section 7203.1 of the Revenue and Taxation Code as that section read on November 3, 2004.

(B) The Legislature may change by statute the method of distributing the revenues derived under a use tax imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law to allow the State to participate in an interstate compact or to comply with federal law.

(C) The Legislature may authorize by statute two or more specifically identified local agencies within a county, with the approval of the governing body of each of those agencies, to enter into a contract to exchange allocations of ad valorem property tax revenues for revenues derived from a tax rate imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law. The exchange under this subparagraph of revenues derived from a tax rate imposed under that law shall not require voter approval for the continued imposition of any portion of an existing tax rate from which those revenues are derived.

(3) Except as otherwise provided in subparagraph (C) of paragraph (2), change for any fiscal year the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county other than pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring. *The Legislature shall not change the pro rata shares of ad valorem property tax pursuant to this paragraph, nor change the allocation of the revenues described in Section 15 of Article XI, to reimburse a local government when the Legislature or any state agency mandates a new program or higher level of service on that local government.*

(4) Extend beyond the revenue exchange period, as defined in Section 7203.1 of the Revenue and Taxation Code as that section read on November 3, 2004, the suspension of the authority, set forth in that section on that date, of a city, county, or city and county to impose a sales and use tax rate under the Bradley-Burns Uniform Local Sales and Use Tax Law.

(5) Reduce, during any period in which the rate authority suspension described in paragraph (4) is operative, the payments to a city, county, or city and county that are required

by Section 97.68 of the Revenue and Taxation Code, as that section read on November 3, 2004.

(6) Restrict the authority of a local entity to impose a transactions and use tax rate in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), or change the method for distributing revenues derived under a transaction and use tax rate imposed under that law, as it read on November 3, 2004.

(7) Require a community redevelopment agency (A) to pay, remit, loan, or otherwise transfer, directly or indirectly, taxes on ad valorem real property and tangible personal property allocated to the agency pursuant to Section 16 of Article XVI to or for the benefit of the State, any agency of the State, or any jurisdiction; or (B) to use, restrict, or assign a particular purpose for such taxes for the benefit of the State, any agency of the State, or any jurisdiction, other than (i) for making payments to affected taxing agencies pursuant to Sections 33607.5 and 33607.7 of the Health and Safety Code or similar statutes requiring such payments, as those statutes read on January 1, 2008, or (ii) for the purpose of increasing, improving, and preserving the supply of low and moderate income housing available at affordable housing cost.

(b) For purposes of this section, the following definitions apply:

(1) "Ad valorem property tax revenues" means all revenues derived from the tax collected by a county under subdivision (a) of Section 1 of Article XIII A, regardless of any of this revenue being otherwise classified by statute.

(2) "Local agency" has the same meaning as specified in Section 95 of the Revenue and Taxation Code as that section read on November 3, 2004.

(3) "Jurisdiction" has the same meaning as specified in Section 95 of the Revenue and Taxation Code as that section read on November 3, 2004.

Section 5. Section 1 is added to Article XIX of the California Constitution, to read:

SECTION 1. The Legislature shall not borrow revenue from the Highway Users Tax Account, or its successor, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.

Section 5.1. Section 1 of Article XIX of the California Constitution is amended and renumbered to read:

~~SECTION 1.~~ *SEC. 2.* Revenues from taxes imposed by the State on motor vehicle fuels for use in motor vehicles upon public streets and highways, over and above the costs of collection and any refunds authorized by law, shall be *deposited into the Highway Users Tax Account (Section 2100 of the Streets and Highways Code) or its successor, which is hereby declared to be a trust fund, and shall be allocated monthly in accordance with Section 4, and shall be* used *solely* for the following purposes:

(a) The research, planning, construction, improvement, maintenance, and operation of public streets and highways (and their related public facilities for nonmotorized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.

(b) The research, planning, construction, and improvement of exclusive public mass transit guideways (and their related fixed facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, the administrative costs necessarily incurred in the foregoing purposes, and the maintenance of the structures and the immediate right-of-way for the public mass transit guideways, but excluding the maintenance and operating costs for mass transit power systems and mass transit passenger facilities, vehicles, equipment, and services.

Section 5.2. Section 2 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 2.~~ *SEC. 3.* Revenues from fees and taxes imposed by the State upon vehicles or their use or operation, over and above the costs of collection and any refunds authorized by law, shall be used for the following purposes:

(a) The state administration and enforcement of laws regulating the use, operation, or registration of vehicles used upon the public streets and highways of this State, including the enforcement of traffic and vehicle laws by state agencies and the mitigation of the environmental effects of motor vehicle operation due to air and sound emissions.

(b) The purposes specified in Section ~~1~~ *2* of this article.

Section 5.3. Section 3 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 3.~~ *SEC. 4. (a) Except as provided in subdivision (b),* ~~The~~ *the* ~~Legislature shall provide for the allocation of the revenues to be used for the purposes specified in Section 1 of this article in a manner which ensures the continuance of existing~~ statutory ~~allocation~~ formulas *in effect on June 30, 2009, which allocate the revenues described in Section 2 to* ~~for~~ cities, counties, and areas of the State~~,~~ *shall remain in effect.*

(b) The Legislature shall not modify the statutory allocations in effect on June 30, 2009, unless and until *both of the following have occurred:*

(1) The Legislature ~~it~~ determines *in accordance with this subdivision* that another basis for an equitable, geographical, and jurisdictional distribution exists~~; provided that, until such determination is made, any use of such revenues for purposes specified in subdivision (b) of Section 1 of this article by or in a city, county, or area of the State shall be included within the existing statutory allocations to, or for expenditure in, that city, county, or area~~. Any future statutory revisions shall *(A)* provide for the allocation of these revenues, together with other similar revenues, in a manner which gives equal consideration to the transportation needs of all areas of the State and all segments of the population*; and (B) be* consistent with the orderly achievement of the adopted local, regional, and statewide goals for ground transportation in local general plans, regional transportation plans, and the California Transportation Plan~~.~~*;*

(2) The process described in subdivision (c) has been completed.

(c) The Legislature shall not modify the statutory allocation pursuant to subdivision (b) until all of the following have occurred:

(1) The California Transportation Commission has held no less than four public hearings in different parts of the State to receive public input about the local and regional goals for ground transportation in that part of the State;

(2) The California Transportation Commission has published a report describing the input received at the public hearings and how the modification to the statutory allocation is consistent with the orderly achievement of local, regional, and statewide goals for ground transportation in local general plans, regional transportation plans, and the California Transportation Plan; and

(3) Ninety days have passed since the publication of the report by the California Transportation Commission.

(d) A statute enacted by the Legislature modifying the statutory allocations must be by a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, provided that the bill does not contain any other unrelated provision.

(e) The revenues allocated by statute to cities, counties, and areas of the State pursuant to this article may be used solely by the entity to which they are allocated, and solely for the purposes described in Sections 2, 5, or 6 of this article.

(f) The Legislature may not take any action which permanently or temporarily does any of the following: (1) changes the status of the Highway Users Tax Account as a trust fund; (2) borrows, diverts, or appropriates these revenues for purposes other than those described in subdivision (e); or (3) delays, defers, suspends, or otherwise interrupts the payment, allocation, distribution, disbursal, or transfer of revenues from taxes described in Section 2 to cities, counties, and areas of the State pursuant to the procedures in effect on June 30, 2009.

Section 5.4. Section 4 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 4.~~ *SEC. 5.* Revenues allocated pursuant to Section ~~3~~ *4* may not be expended for the purposes specified in subdivision (b) of Section ~~1~~ *2*, except for research and planning, until such use is approved by a majority of the votes cast on the proposition authorizing such use of such revenues in an election held throughout the county or counties, or a specified area of a county or counties, within which the revenues are to be expended. The Legislature may authorize the revenues approved for allocation or expenditure under this section to be pledged or used for the payment of principal and interest on voter-approved bonds issued for the purposes specified in subdivision (b) of Section ~~1~~ *2*.

Section 5.5. Section 5 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 5.~~ *SEC. 6. (a)* ~~The Legislature may authorize up~~ *Up* to 25 percent of the revenues ~~available for expenditure by any city or county, or by the State,~~ *allocated to the State pursuant to Section 4* for the purposes specified in subdivision (a) of Section ~~1~~ *2* of this article ~~to~~ *may* be pledged or used *by the State, upon approval by the voters and appropriation by the Legislature,* for the payment of principal and interest on voter-approved bonds *for such purposes* issued *by the State on and after November 2, 2010* ~~for such purposes~~.

(b) Up to 25 percent of the revenues allocated to any city or county pursuant to Section 4 for the purposes specified in subdivision (a) of Section 2 of this article may be pledged or used only by any city or county for the payment of principal and interest on voter-approved bonds issued by that city or county for such purposes.

Section 5.6. Section 6 of Article XIX of the California Constitution is repealed.

~~SEC. 6. The tax revenues designated under this article may be loaned to the General Fund only if one of the following conditions is imposed:~~

~~(a) That any amount loaned is to be repaid in full to the fund from which it was borrowed during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the budget bill for the subsequent fiscal year.~~

~~(b) That any amount loaned is to be repaid in full to the fund from which it was borrowed within three fiscal years from the date on which the loan was made and one of the following has occurred:~~

~~(1) The Governor has proclaimed a state of emergency and declares that the emergency will result in a significant negative fiscal impact to the General Fund.~~

~~(2) The aggregate amount of General Fund revenues for the current fiscal year, as projected by the Governor in a report to the Legislature in May of the current fiscal year, is less than the aggregate amount of General Fund revenues for the previous fiscal year, adjusted for the change in the cost of living and the change in population, as specified in the budget submitted by the Governor pursuant to Section 12 of Article IV in the current fiscal year.~~

~~(c) Nothing in this section prohibits the Legislature from authorizing, by statute, loans to local transportation agencies, cities, counties, or cities and counties, from funds that are subject to this article, for the purposes authorized under this article. Any loan authorized as described by this subdivision shall be repaid, with interest at the rate paid on money in the Pooled Money Investment Account, or any successor to that account, during the period of time that the money is loaned, to the fund from which it was borrowed, not later than four years after the date on which the loan was made.~~

Section 5.7. Section 7 is added to Article XIX of the California Constitution, to read:

SEC. 7. If the Legislature reduces or repeals the taxes described in Section 2 and adopts an alternative source of revenue to replace the moneys derived from those taxes, the replacement revenue shall be deposited into the Highway Users Tax Account, dedicated to the purposes listed in Section 2, and allocated to cities, counties, and areas of the State pursuant to Section 4. All other provisions of this article shall apply to any revenues adopted by the Legislature to replace the moneys derived from the taxes described in Section 2.

Section 5.8. Section 7 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 7.~~ *SEC. 8.* This article shall not affect or apply to fees or taxes imposed pursuant to the Sales and Use Tax Law or the Vehicle License Fee Law, and all amendments and additions now or hereafter made to such statutes.

Section 5.9. Section 8 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 8.~~ *SEC. 9.* Notwithstanding Sections ~~1 and~~ 2 *and 3* of this article, any real property acquired by the expenditure of the designated tax revenues by an entity other than the State for the purposes authorized in those sections, but no longer required for such purposes, may be used for local public park and recreational purposes.

Section 5.10. Section 9 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 9.~~ *SEC. 10.* Notwithstanding any other provision of this Constitution, the Legislature, by statute, with respect to surplus state property acquired by the expenditure of tax revenues designated in Sections ~~1 and~~ 2 *and 3* and located in the coastal zone, may authorize the transfer of such property, for a consideration at least equal to the acquisition cost paid by the ~~state~~ *State* to acquire the property, to the Department of Parks and Recreation for state park purposes, or to the Department of Fish and Game for the protection and preservation of fish and wildlife habitat, or to the Wildlife Conservation Board for purposes of the Wildlife Conservation Law of 1947, or to the State Coastal Conservancy for the preservation of agricultural lands.

As used in this section, "coastal zone" means "coastal zone" as defined by Section 30103 of the Public Resources Code as such zone is described on January 1, 1977.

Section 6. Section 1 of Article XIX A of the California Constitution is amended to read:

SECTION 1. *(a) The Legislature shall not borrow revenues from the Public Transportation Account, or any successor account, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.*

(b) The ~~funds in the~~ Public Transportation Account in the State Transportation Fund, or any successor ~~to that~~ account, *is a trust fund. The Legislature may not change the status of the Public Transportation Account as a trust fund. Funds in the Public Transportation Account may not be loaned or otherwise transferred to the General Fund or any other fund or account in the State Treasury.* ~~may be loaned to the General Fund only if one of the following conditions is imposed:~~

(c) All revenues specified in paragraphs (1) through (3), inclusive, of subdivision (a) of Section 7102 of the Revenue and Taxation Code, as that section read on June 1, 2001, shall be deposited no less than quarterly into the Public Transportation Account (Section 99310 of the Public Utilities Code), or its successor. The Legislature may not take any action which temporarily or permanently diverts or appropriates these revenues for purposes other than those described in subdivision (d), or delays, defers, suspends, or otherwise interrupts the quarterly deposit of these funds into the Public Transportation Account.

(d) Funds in the Public Transportation Account may only be used for transportation planning and mass transportation purposes. The revenues described in subdivision (c) are hereby continuously appropriated to the Controller without regard to fiscal years for allocation as follows:

(1) Fifty percent pursuant to subdivisions (a) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(2) Twenty-five percent pursuant to subdivision (b) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Twenty-five percent pursuant to subdivision (c) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

~~(a) That any amount loaned is to be repaid in full to the account during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the budget bill for the subsequent fiscal year.~~

~~(b) That any amount loaned is to be repaid in full to the account within three fiscal years from the date on which the loan was made and one of the following has occurred:~~

~~(1) The Governor has proclaimed a state of emergency and declares that the emergency will result in a significant negative fiscal impact to the General Fund.~~

~~(2) The aggregate amount of General Fund revenues for the current fiscal year, as projected by the Governor in a report to the Legislature in May of the current fiscal year, is less than the aggregate amount of General Fund revenues for the previous fiscal year, as specified in the budget submitted by the Governor pursuant to Section 12 of Article IV in the current fiscal year.~~

(e) For purposes of paragraph (1) of subdivision (d), "transportation planning" means only the purposes described in subdivisions (c) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(f) For purposes of this article, "mass transportation," "public transit," and "mass transit" have the same meaning as "public transportation." "Public transportation" means:

(1) (A) Surface transportation service provided to the general public, complementary paratransit service provided to persons with disabilities as required by 42 U.S.C. 12143, or similar transportation provided to people with disabilities or the elderly; (B) operated by bus, rail, ferry, or other conveyance on a fixed route, demand response, or otherwise regularly available basis; (C) generally for which a fare is charged; and (D) provided by any transit district, included transit district, municipal operator, included municipal operator, eligible municipal operator, or transit development board, as those terms were defined in Article 1 of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code on January 1, 2009, a joint powers authority formed to provide mass transportation services, an agency described in subdivision (f) of Section 15975 of the Government Code, as that section read on January 1, 2009, any recipient of funds under Sections 99260, 99260.7, 99275, or subdivision (c) of Section 99400 of the Public Utilities Code, as those sections read on January 1, 2009, or a consolidated agency as defined in Section 132353.1 of the Public Utilities Code, as that section read on January 1, 2009.

(2) Surface transportation service provided by the Department of Transportation pursuant to subdivision (a) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Public transit capital improvement projects, including those identified in subdivision (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

Section 6.1. Section 2 of Article XIX A of the California Constitution is amended to read:

SEC. 2. (a) As used in this section, a "local transportation fund" is a fund created under Section 29530 of the Government Code, or any successor to that statute.

(b) All local transportation funds are hereby designated trust funds. *The Legislature may not change the status of local transportation funds as trust funds.*

(c) A local transportation fund that has been created pursuant to law may not be abolished.

(d) Money in a local transportation fund shall be allocated only *by the local government that created the fund, and only* for the purposes authorized under Article 11 (commencing with Section 29530) of Chapter 2 of Division 3 of Title 3 of the Government Code and Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code, as those provisions existed on October 1, 1997. Neither the county nor the Legislature may authorize the expenditure of money in a local transportation fund for purposes other than those specified in this subdivision.

(e) This section constitutes the sole method of allocating, distributing, and using the revenues in a local transportation fund. The purposes described in subdivision (d) are the sole purposes for which the revenues in a local transportation fund may be used. The Legislature may not enact a statute or take any other action which, permanently or temporarily, does any of the following:

(1) Transfers, diverts, or appropriates the revenues in a local transportation fund for any other purpose than those described in subdivision (d);

(2) Authorizes the expenditures of the revenue in a local transportation fund for any other purpose than those described in subdivision (d);

(3) Borrows or loans the revenues in a local transportation fund, regardless of whether these revenues remain in the Retail Sales Tax Fund in the State Treasury or are transferred to another fund or account.

(f) The percentage of the tax imposed pursuant to Section 7202 of the Revenue and Taxation Code allocated to local transportation funds shall not be reduced below the percentage that was transmitted to such funds during the 2008 calendar year. Revenues allocated to local transportation funds shall be transmitted in accordance with Section 7204 of the Revenue and Taxation Code and deposited into local transportation funds in accordance with Section 29530 of the Government Code, as those sections read on June 30, 2009.

Section 7.0. Section 1 is added to Article XIX B of the California Constitution, to read:

SECTION 1. The Legislature shall not borrow revenues from the Transportation Investment Fund, or its successor, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.

Section 7.1. Section 1 of Article XIX B of the California Constitution is amended and renumbered to read:

~~SECTION 1.~~ *SEC. 2.* (a) For the 2003–04 fiscal year and each fiscal year thereafter, all ~~moneys~~ *revenues* that are collected during the fiscal year from taxes under the Sales and Use Tax Law (Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code), or any successor to that law, upon the sale, storage, use, or other consumption in this State of motor vehicle fuel*, as defined for purposes of the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301) of Division 2 of the Revenue and Taxation Code)*, ~~and that are deposited in the General Fund of the State pursuant to that law,~~ shall be ~~transferred to~~ *deposited into* the Transportation Investment Fund *or its successor*, which is hereby created in the State Treasury *and which is hereby declared to be a trust fund. The Legislature may not change the status of the Transportation Investment Fund as a trust fund*.

(b) (1) For the 2003–04 to 2007–08 fiscal years, inclusive, moneys in the Transportation Investment Fund shall be allocated, upon appropriation by the Legislature, in accordance with Section 7104 of the Revenue and Taxation Code as that section read on March 6, 2002.

(2) For the 2008–09 fiscal year and each fiscal year thereafter, moneys in the Transportation Investment Fund shall be allocated solely for the following purposes:

(A) Public transit and mass transportation. *Moneys appropriated for public transit and mass transportation shall be allocated as follows: (i) Twenty-five percent pursuant to subdivision (b) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009; (ii) Twenty-five percent pursuant to subdivision (c) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009; and (iii) Fifty percent for the purposes of subdivisions (a) and (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.*

(B) Transportation capital improvement projects, subject to the laws governing the State Transportation Improvement Program, or any successor to that program.

(C) Street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by cities, including a city and county.

(D) Street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by counties, including a city and county.

(c) For the 2008–09 fiscal year and each fiscal year thereafter, moneys in the Transportation Investment Fund *are hereby continuously appropriated to the Controller without regard to fiscal years, which* shall be allocated~~, upon appropriation by the Legislature,~~ as follows:

(A) Twenty percent of the moneys for the purposes set forth in subparagraph (A) of paragraph (2) of subdivision (b).

(B) Forty percent of the moneys for the purposes set forth in subparagraph (B) of paragraph (2) of subdivision (b).

(C) Twenty percent of the moneys for the purposes set forth in subparagraph (C) of paragraph (2) of subdivision (b).

(D) Twenty percent of the moneys for the purposes set forth in subparagraph (D) of paragraph (2) of subdivision (b).

~~(d) (1) Except as otherwise provided by paragraph (2), the transfer of revenues from the General Fund of the State to the Transportation Investment Fund pursuant to subdivision (a) may be suspended, in whole or in part, for a fiscal year if all of the following conditions are met:~~

~~(A) The Governor issues a proclamation that declares that, due to a severe state fiscal hardship, the suspension of the transfer of revenues required by subdivision (a) is necessary.~~

~~(B) The Legislature enacts by statute, pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, a suspension for that fiscal year of the transfer of revenues required by subdivision (a) and the bill does not contain any other unrelated provision.~~

~~(C) No later than the effective date of the statute described in subparagraph (B), a separate statute is enacted that provides for the full repayment to the Transportation Investment Fund of the total amount of revenue that was not transferred to that fund as a result of the suspension, including interest as provided by law. This full repayment shall be made not later than the end of the third fiscal year immediately following the fiscal year to which the suspension applies.~~

~~(2) (A) The transfer required by subdivision (a) shall not be suspended for more than two fiscal years during any period of 10 consecutive fiscal years, which period begins with the first fiscal year commencing on or after July 1, 2007, for which the transfer required by subdivision (a) is suspended.~~

~~(B) The transfer required by subdivision (a) shall not be suspended during any fiscal year if a full repayment required by a statute enacted in accordance with subparagraph (C) of paragraph (1) has not yet been completed.~~

~~(e)~~ *(d)* The Legislature may *not* enact a statute that modifies the percentage shares set forth in subdivision (c) ~~by a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, provided that the bill does not contain any other unrelated provision and that the moneys described in subdivision (a) are expended solely for the purposes set forth in paragraph (2) of subdivision (b)~~. *until all of the following have occurred:*

(1) The California Transportation Commission has held no less than four public hearings in different parts of the State to receive public input about the need for public transit, mass transportation, transportation capital improvement projects, and street and highway maintenance;

(2) The California Transportation Commission has published a report describing the input received at the public hearings and how the modification to the statutory allocation is consistent with the orderly achievement of local, regional and statewide goals for public transit, mass transportation, transportation capital improvements, and street and highway maintenance in a manner that is consistent with local general plans, regional transportation plans, and the California Transportation Plan;

(3) Ninety days have passed since the publication of the report by the California Transportation Commission.

(4) The statute enacted by the Legislature pursuant to this subdivision must be by a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, provided that the bill does not contain any other unrelated provision and that the revenues described in subdivision (a) are expended solely for the purposes set forth in paragraph (2) of subdivision (b).

~~(f)~~ *(e)* (1) An amount equivalent to the total amount of

revenues that were not transferred from the General Fund of the State to the Transportation Investment Fund, as of July 1, 2007, because of a suspension of transfer of revenues pursuant to this section as it read on January 1, 2006, but excluding the amount to be paid to the Transportation Deferred Investment Fund pursuant to Section 63048.65 of the Government Code, shall be transferred from the General Fund to the Transportation Investment Fund no later than June 30, 2016. Until this total amount has been transferred, the amount of transfer payments to be made in each fiscal year shall not be less than one-tenth of the total amount required to be transferred by June 30, 2016. The transferred revenues shall be allocated solely for the purposes set forth in this section as if they had been received in the absence of a suspension of transfer of revenues.

(2) The Legislature may provide by statute for the issuance of bonds by the state or local agencies, as applicable, that are secured by the minimum transfer payments required by paragraph (1). Proceeds from the sale of those bonds shall be allocated solely for the purposes set forth in this section as if they were revenues subject to allocation pursuant to paragraph (2) of subdivision (b).

(f) This section constitutes the sole method of allocating, distributing, and using the revenues described in subdivision (a). The purposes described in paragraph (2) of subdivision (b) are the sole purposes for which the revenues described in subdivision (a) may be used. The Legislature may not enact a statute or take any other action which, permanently or temporarily, does any of the following:

(1) Transfers, diverts, or appropriates the revenues described in subdivision (a) for any other purposes than those described in paragraph (2) of subdivision (b);

(2) Authorizes the expenditures of the revenues described in subdivision (a) for any other purposes than those described in paragraph (2) of subdivision (b) or;

(3) Borrows or loans the revenues described in subdivision (a), regardless of whether these revenues remain in the Transportation Investment Fund or are transferred to another fund or account such as the Public Transportation Account, a trust fund in the State Transportation Fund.

(g) For purposes of this article, "mass transportation," "public transit" and "mass transit" have the same meanings as "public transportation." "Public transportation" means:

(1) (A) Surface transportation service provided to the general public, complementary paratransit service provided to persons with disabilities as required by 42 U.S.C. 12143, or similar transportation provided to people with disabilities or the elderly; (B) operated by bus, rail, ferry, or other conveyance on a fixed route, demand response, or otherwise regularly available basis; (C) generally for which a fare is charged; and (D) provided by any transit district, included transit district, municipal operator, included municipal operator, eligible municipal operator, or transit development board, as those terms were defined in Article 1 of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code on January 1, 2009, a joint powers authority formed to provide mass transportation services, an agency described in subdivision (f) of Section 15975 of the Government Code, as that section read on January 1, 2009, any recipient of funds under Sections 99260, 99260.7, 99275, or subdivision (c) of Section 99400 of the Public Utilities Code, as those sections read on January 1, 2009, or a consolidated agency as defined in Section 132353.1 of the Public Utilities Code, as that section read on January 1, 2009.

(2) Surface transportation service provided by the Department of Transportation pursuant to subdivision (a) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Public transit capital improvement projects, including those identified in subdivision (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(h) If the Legislature reduces or repeals the taxes described in subdivision (a) and adopts an alternative source of revenue to replace the moneys derived from those taxes, the replacement revenue shall be deposited into the Transportation Investment Fund, dedicated to the purposes listed in paragraph (2) of subdivision (b), and allocated pursuant to subdivision (c). All other provisions of this article shall apply to any revenues adopted by the Legislature to replace the moneys derived from the taxes described in subdivision (a).

Section 8. Article XIX C is added to the California Constitution, to read:

Article XIX C

SECTION 1. If any challenge to invalidate an action that violates Article XIX, XIX A, or XIX B is successful either by way of a final judgment, settlement, or resolution by administrative or legislative action, there is hereby continuously appropriated from the General Fund to the Controller, without regard to fiscal years, that amount of revenue necessary to restore the fund or account from which the revenues were unlawfully taken or diverted to its financial status had the unlawful action not been taken.

SEC. 2. If any challenge to invalidate an action that violates Section 24 or Section 25.5 of Article XIII is successful either by way of a final judgment, settlement, or resolution by administrative or legislative action, there is hereby continuously appropriated from the General Fund to the local government an amount of revenue equal to the amount of revenue unlawfully taken or diverted.

SEC. 3. Interest calculated at the Pooled Money Investment Fund rate from the date or dates the revenues were unlawfully taken or diverted shall accrue to the amounts required to be restored pursuant to this section. Within 30 days from the date a challenge is successful, the Controller shall make the transfer required by the continuous appropriation and issue a notice to the parties that the transfer has been completed.

SEC. 4. If in any challenge brought pursuant to this section a restraining order or preliminary injunction is issued, the plaintiffs or petitioners shall not be required to post a bond obligating the plaintiffs or petitioners to indemnify the government defendants or the State of California for any damage the restraining order or preliminary injunction may cause.

Section 9.

Section 16 of Article XVI of the Constitution requires that a specified portion of the taxes levied upon the taxable property in a redevelopment project each year be allocated to the redevelopment agency to repay indebtedness incurred for the purpose of eliminating blight within the redevelopment project area. Section 16 of Article XVI prohibits the Legislature from reallocating some or that entire specified portion of the taxes to the State, an agency of the State, or any other taxing jurisdiction, instead of to the redevelopment agency. The Legislature has been illegally circumventing Section 16 of Article XVI in recent years by requiring redevelopment agencies to transfer a portion of those taxes for purposes other than the financing of redevelopment projects. A purpose of the amendments made by this measure is to prohibit the Legislature from requiring, after the taxes have been allocated to a redevelopment agency, the redevelopment agency to transfer some or all of those taxes to the State, an agency of the State, or a jurisdiction; or to use some or all of those taxes for the benefit of the State, an agency of the State, or a jurisdiction.

Section 10. Continuous Appropriations.

The provisions of Sections 6, 6.1, 7, 7.1, and 8 of this act that require a continuous appropriation to the Controller without regard to fiscal year are intended to be "appropriations made by law" within the meaning of Section 7 of Article XVI of the California Constitution.

Section 11. Liberal Construction.

The provisions of this act shall be liberally construed in order to effectuate its purposes.

Section 12. Conflicting Statutes.

Any statute passed by the Legislature between October 21, 2009 and the effective date of this measure, that would have been prohibited if this measure were in effect on the date it was enacted, is hereby repealed.

Section 13. Conflicting Ballot Measures.

In the event that this measure and another measure or measures relating to the direction or redirection of revenues dedicated to funding services provided by local governments or transportation projects or services, or both, appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void.

Section 14. Severability.

It is the intent of the People that the provisions of this act are severable and that if any provision of this act or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provision or application of this act which can be given effect without the invalid provision or application.

PROPOSITION 23

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure adds a section to the Health and Safety Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

California Jobs Initiative

SECTION 1. STATEMENT OF FINDINGS

(a) In 2006, the Legislature and Governor enacted a sweeping environmental law, AB 32. While protecting the environment is of utmost importance, we must balance such regulation with the ability to maintain jobs and protect our economy.

(b) At the time the bill was signed, the unemployment rate in California was 4.8 percent. California's unemployment rate has since skyrocketed to more than 12 percent.

(c) Numerous economic studies predict that complying with AB 32 will cost Californians billions of dollars with massive increases in the price of gasoline, electricity, food and water, further punishing California consumers and households.

(d) California businesses cannot drive our economic recovery and create the jobs we need when faced with billions of dollars in new regulations and added costs; and

(e) California families being hit with job losses, pay cuts and furloughs cannot afford to pay the increased prices that will be passed onto them as a result of this legislation right now.

SEC. 2. STATEMENT OF PURPOSE

The people desire to temporarily suspend the operation and implementation of AB 32 until the state's unemployment rate returns to the levels that existed at the time of its adoption.

SEC. 3. Division 25.6 (commencing with Section 38600) is added to the Health and Safety Code, to read:

DIVISION 25.6. SUSPENSION OF AB 32

38600. (a) From and after the effective date of this division, Division 25.5 (commencing with Section 38500) of the Health and Safety Code is suspended until such time as the unemployment rate in California is 5.5 percent or less for four consecutive calendar quarters.

(b) While suspended, no state agency shall propose, promulgate, or adopt any regulation implementing Division 25.5 (commencing with Section 38500) and any regulation adopted prior to the effective date of this division shall be void and unenforceable until such time as the suspension is lifted.

PROPOSITION 24

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends and repeals sections of the Revenue and Taxation Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title

This act shall be known as the "Repeal Corporate Tax Loopholes Act."

SEC. 2. Findings and Declarations

The people of the State of California find and declare that:

1. The State of California is in the midst of the worst financial crisis since the Great Depression. State revenues have plummeted, millions of Californians have lost their jobs, and hundreds of thousands of California homes have been lost in foreclosure sales. Projections suggest it could be many years before the state and its citizens recover.

2. To cope with the fiscal crisis, in 2008 and 2009 the Legislature and Governor raised taxes paid by the people of this state: the personal income tax, the state sales tax, and vehicle license fees. Yet at the same time they passed three special corporate tax breaks that give large corporations nearly $2 billion a year in state revenues.

3. No public hearings were held and no public notice was given before these corporate tax breaks were passed by the Legislature and signed into law by the Governor.

4. Corporations get these tax breaks without any requirements to create new jobs or to stop shipping current jobs overseas.

5. These loopholes benefit the biggest of corporations with gross incomes of over $1 billion. One study estimates that 80 percent of the benefits from the first loophole will go to just 0.1 percent of all California corporations. Similarly, estimates are that 87 percent of the benefits from one tax break will go to just 229 companies, each of which has gross income over $1 billion.

6. At the same time it created these corporate loopholes, the Legislature and Governor enacted $31 billion in cuts to the state budget—decimating funding for public schools and colleges, eliminating health care services to our neediest citizens, closing

state parks, furloughing state workers, and wreaking havoc on our state's citizens.

7. The first tax loophole allows corporations to choose which of two formulas to use to determine the share of their profits that is taxed in California. There is little doubt corporations will choose the formula that allows them to pay less taxes to this state.

8. The second tax loophole allows corporations to transfer tax credits among their related companies. This allows a company to use tax credits it didn't even earn to reduce the amount of taxes it pays to this state.

9. The third loophole allows corporations to carry back net operating losses and claim refunds for taxes they have already owed and paid in prior years.

10. Public schools are bearing the brunt of these cuts. Over the last two years, the state has cut more than $17 billion from the K–12 school system. Schools have laid off more than 20,000 classroom teachers and education support staff. Elementary class sizes have grown from 20 students to more than 30 kids in each class. Middle and high school class sizes of 40 are common, with some as large as 60. There will be no new textbooks for years. Entire art, music, vocational education and athletic programs have been eliminated. Schools throughout the state may shut their doors five days early.

11. Since 1981, the share of corporate income paid in taxes has fallen by nearly half—even before these special tax breaks. California taxpayers are paying more, while big corporations are paying less.

12. We should not be cutting vital programs and raising taxes on low-income and middle-class Californians while enacting tax loopholes for big corporations. It makes no sense, and it isn't fair. When public education has been cut by over $9 billion this year, and taxes on individuals have increased by $12.5 billion, we cannot afford to give large corporations billions in special tax breaks that are not tied in any way to creating jobs in California. In these tough economic times, everyone should pay their fair share.

SEC. 3. Purpose and Intent

The people enact this measure to repeal three tax breaks that were granted to corporations in 2008 and 2009: the elective single sales factor provisions contained in ABx3 15 and SBx3 15 of 2009; (2) the net operating loss carryback provisions contained in AB 1452 of 2008; and (3) the tax credit sharing provisions in AB 1452 of 2008.

SEC. 4. Section 17276 of the Revenue and Taxation Code is amended to read:

17276. Except as provided in Sections 17276.1, 17276.2, 17276.4, 17276.5, 17276.6, and 17276.7, the deduction provided by Section 172 of the Internal Revenue Code, relating to a net operating loss deduction, shall be modified as follows:

(a) (1) Net operating losses attributable to taxable years beginning before January 1, 1987, shall not be allowed.

(2) A net operating loss shall not be carried forward to any taxable year beginning before January 1, 1987.

(b) (1) Except as provided in paragraphs (2) and (3), the provisions of Section 172(b)(2) of the Internal Revenue Code, relating to the amount of carryovers, shall be modified so that the applicable percentage of the entire amount of the net operating loss for any taxable year shall be eligible for carryover to any subsequent taxable year. For purposes of this subdivision, the applicable percentage shall be:

(A) Fifty percent for any taxable year beginning before January 1, 2000.

(B) Fifty-five percent for any taxable year beginning on or after January 1, 2000, and before January 1, 2002.

(C) Sixty percent for any taxable year beginning on or after January 1, 2002, and before January 1, 2004.

(D) One hundred percent for any taxable year beginning on or after January 1, 2004.

(2) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates a new business during that taxable year, each of the following shall apply to each loss incurred during the first three taxable years of operating the new business:

(A) If the net operating loss is equal to or less than the net loss from the new business, 100 percent of the net operating loss shall be carried forward as provided in subdivision (d).

(B) If the net operating loss is greater than the net loss from the new business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the new business, 100 percent of that amount shall be carried forward as provided in subdivision (d).

(ii) With respect to the portion of the net operating loss that exceeds the net loss from the new business, the applicable percentage of that amount shall be carried forward as provided in subdivision (d).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(3) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates an eligible small business during that taxable year, each of the following shall apply:

(A) lf the net operating loss is equal to or less than the net loss from the eligible small business, 100 percent of the net operating loss shall be carried forward to the taxable years specified in subdivision (d).

(B) If the net operating loss is greater than the net loss from the eligible small business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the eligible small business, 100 percent of that amount shall be carried forward as provided in subdivision (d).

(ii) With respect to that portion of the net operating loss that exceeds the net loss from the eligible small business, the applicable percentage of that amount shall be carried forward as provided in subdivision (d).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(4) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates a business that qualifies as both a new business and an eligible small business under this section, that business shall be treated as a new business for the first three taxable years of the new business.

(5) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates more than one business, and more than one of those businesses qualifies as either a new business or an eligible small business under this section, paragraph (2) shall be applied first, except that if there is any remaining portion of the net operating loss after application of clause (i) of subparagraph (B) of that paragraph, paragraph (3) shall be applied to the remaining portion of the net operating loss as though that remaining portion of the net

operating loss constituted the entire net operating loss.

(6) For purposes of this section, the term "net loss" means the amount of net loss after application of Sections 465 and 469 of the Internal Revenue Code.

(c) Net operating loss carrybacks shall not be allowed.

~~(c) Section 172(b)(1) of the Internal Revenue Code, relating to net operating loss carrybacks and carryovers and the years to which the loss may be carried, is modified as follows:~~

~~(1) Net operating loss carrybacks shall not be allowed for any net operating losses attributable to taxable years beginning before January 1, 2011.~~

~~(2) A net operating loss attributable to taxable years beginning on or after January 1, 2011, shall be a net operating loss carryback to each of the two taxable years preceding the taxable year of the loss in lieu of the number of years provided therein.~~

~~(A) For a net operating loss attributable to a taxable year beginning on or after January 1, 2011, and before January 1, 2012, the amount of carryback to any taxable year shall not exceed 50 percent of the net operating loss.~~

~~(B) For a net operating loss attributable to a taxable year beginning on or after January 1, 2012, and before January 1, 2013, the amount of carryback to any taxable year shall not exceed 75 percent of the net operating loss.~~

~~(C) For a net operating loss attributable to a taxable year beginning on or after January 1, 2013, the amount of carryback to any taxable year shall not exceed 100 percent of the net operating loss.~~

~~(3) Notwithstanding paragraph (2), Section 172(b)(1)(B) of the Internal Revenue Code, relating to special rules for REITs, and Sections 172(b)(1)(E) and 172(h) of the Internal Revenue Code, relating to corporate equity reduction interest loss, shall apply as provided.~~

~~(4) A net operating loss carryback shall not be carried back to any taxable year beginning before January 1, 2009.~~

(d) (1) (A) For a net operating loss for any taxable year beginning on or after January 1, 1987, and before January 1, 2000, Section 172(b)(1)(A)(ii) of the Internal Revenue Code, relating to years to which net operating losses may be carried, is modified to substitute "five taxable years" in lieu of "20 taxable years" except as otherwise provided in paragraphs (2) and (3).

(B) For a net operating loss for any taxable year beginning on or after January 1, 2000, ~~and before January 1, 2008,~~ Section 172(b)(1)(A)(ii) of the Internal Revenue Code, relating to years to which net operating losses may be carried, is modified to substitute "10 taxable years" in lieu of "20 taxable years."

(2) For any taxable year beginning before January 1, 2000, in the case of a "new business," the "five taxable years" in paragraph (1) shall be modified to read as follows:

(A) "Eight taxable years" for a net operating loss attributable to the first taxable year of that new business.

(B) "Seven taxable years" for a net operating loss attributable to the second taxable year of that new business.

(C) "Six taxable years" for a net operating loss attributable to the third taxable year of that new business.

(3) For any carryover of a net operating loss for which a deduction is denied by Section 17276.3, the carryover period specified in this subdivision shall be extended as follows:

(A) By one year for a net operating loss attributable to taxable years beginning in 1991.

(B) By two years for a net operating loss attributable to taxable years beginning prior to January 1, 1991.

(4) The net operating loss attributable to taxable years beginning on or after January 1, 1987, and before January 1, 1994, shall be a net operating loss carryover to each of the 10 taxable years following the year of the loss if it is incurred by a taxpayer that is under the jurisdiction of the court in a Title 11 or similar case at any time during the income year. The loss carryover provided in the preceding sentence shall not apply to any loss incurred after the date the taxpayer is no longer under the jurisdiction of the court in a Title 11 or similar case.

(e) For purposes of this section:

(1) "Eligible small business" means any trade or business that has gross receipts, less returns and allowances, of less than one million dollars ($1,000,000) during the taxable year.

(2) Except as provided in subdivision (f), "new business" means any trade or business activity that is first commenced in this state on or after January 1, 1994.

(3) "Title 11 or similar case" shall have the same meaning as in Section 368(a)(3) of the Internal Revenue Code.

(4) In the case of any trade or business activity conducted by a partnership or "S" corporation paragraphs (1) and (2) shall be applied to the partnership or "S" corporation.

(f) For purposes of this section, in determining whether a trade or business activity qualifies as a new business under paragraph (2) of subdivision (e), the following rules shall apply:

(1) In any case where a taxpayer purchases or otherwise acquires all or any portion of the assets of an existing trade or business (irrespective of the form of entity) that is doing business in this state (within the meaning of Section 23101), the trade or business thereafter conducted by the taxpayer (or any related person) shall not be treated as a new business if the aggregate fair market value of the acquired assets (including real, personal, tangible, and intangible property) used by the taxpayer (or any related person) in the conduct of its trade or business exceeds 20 percent of the aggregate fair market value of the total assets of the trade or business being conducted by the taxpayer (or any related person). For purposes of this paragraph only, the following rules shall apply:

(A) The determination of the relative fair market values of the acquired assets and the total assets shall be made as of the last day of the first taxable year in which the taxpayer (or any related person) first uses any of the acquired trade or business assets in its business activity.

(B) Any acquired assets that constituted property described in Section 1221(1) of the Internal Revenue Code in the hands of the transferor shall not be treated as assets acquired from an existing trade or business, unless those assets also constitute property described in Section 1221(1) of the Internal Revenue Code in the hands of the acquiring taxpayer (or related person).

(2) In any case where a taxpayer (or any related person) is engaged in one or more trade or business activities in this state, or has been engaged in one or more trade or business activities in this state within the preceding 36 months ("prior trade or business activity"), and thereafter commences an additional trade or business activity in this state, the additional trade or business activity shall only be treated as a new business if the additional trade or business activity is classified under a different division of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, than are any of the taxpayer's (or any related person's) current or prior trade or business activities.

(3) In any case where a taxpayer, including all related persons, is engaged in trade or business activities wholly outside of this state and the taxpayer first commences doing business in this state (within the meaning of Section 23101) after December 31, 1993 (other than by purchase or other acquisition described in paragraph

(1)), the trade or business activity shall be treated as a new business under paragraph (2) of subdivision (e).

(4) In any case where the legal form under which a trade or business activity is being conducted is changed, the change in form shall be disregarded and the determination of whether the trade or business activity is a new business shall be made by treating the taxpayer as having purchased or otherwise acquired all or any portion of the assets of an existing trade or business under the rules of paragraph (1) of this subdivision.

(5) "Related person" shall mean any person that is related to the taxpayer under either Section 267 or 318 of the Internal Revenue Code.

(6) "Acquire" shall include any gift, inheritance, transfer incident to divorce, or any other transfer, whether or not for consideration.

(7) (A) For taxable years beginning on or after January 1, 1997, the term "new business" shall include any taxpayer that is engaged in biopharmaceutical activities or other biotechnology activities that are described in Codes 2833 to 2836, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, and as further amended, and that has not received regulatory approval for any product from the United States Food and Drug Administration.

(B) For purposes of this paragraph:

(i) "Biopharmaceutical activities" means those activities that use organisms or materials derived from organisms, and their cellular, subcellular, or molecular components, in order to provide pharmaceutical products for human or animal therapeutics and diagnostics. Biopharmaceutical activities make use of living organisms to make commercial products, as opposed to pharmaceutical activities that make use of chemical compounds to produce commercial products.

(ii) "Other biotechnology activities" means activities consisting of the application of recombinant DNA technology to produce commercial products, as well as activities regarding pharmaceutical delivery systems designed to provide a measure of control over the rate, duration, and site of pharmaceutical delivery.

(g) In computing the modifications under Section 172(d)(2) of the Internal Revenue Code, relating to capital gains and losses of taxpayers other than corporations, the exclusion provided by Section 18152.5 shall not be allowed.

(h) Notwithstanding any provisions of this section to the contrary, a deduction shall be allowed to a "qualified taxpayer" as provided in Sections 17276.1, 17276.2, 17276.4, 17276.5, 17276.6, and 17276.7.

(i) The Franchise Tax Board may prescribe appropriate regulations to carry out the purposes of this section, including any regulations necessary to prevent the avoidance of the purposes of this section through splitups, shell corporations, partnerships, tiered ownership structures, or otherwise.

(j) The Franchise Tax Board may reclassify any net operating loss carryover determined under either paragraph (2) or (3) of subdivision (b) as a net operating loss carryover under paragraph (1) of subdivision (b) upon a showing that the reclassification is necessary to prevent evasion of the purposes of this section.

(k) Except as otherwise provided, the amendments made by Chapter 107 of the Statutes of 2000 shall apply to net operating losses for taxable years beginning on or after January 1, 2000.

SEC. 5. Section 17276.9 of the Revenue and Taxation Code is amended to read:

17276.9. (a) Notwithstanding Sections 17276, 17276.1, 17276.2, 17276.4, 17276.5, 17276.6, and 17276.7 of this code and Section 172 of the Internal Revenue Code, no net operating loss deduction shall be allowed for any taxable year beginning on or after January 1, 2008, and before January 1, 2010.

(b) For any net operating loss or carryover of a net operating loss for which a deduction is denied by subdivision (a), the carryover period under Section 172 of the Internal Revenue Code shall be extended as follows:

(1) By one year, for losses incurred in taxable years beginning on or after January 1, 2008, and before January 1, 2009.

(2) By two years, for losses incurred in taxable years beginning before January 1, 2008.

~~(c) Notwithstanding subdivision (a), a net operating loss deduction shall be allowed for carryback of a net operating loss attributable to a taxable year beginning on or after January 1, 2011.~~

~~(d)~~ *(c)* The provisions of this section shall not apply to a taxpayer with net business income of less than five hundred thousand dollars ($500,000) for the taxable year. For purposes of this subdivision, business income means:

(1) Income from a trade or business, whether conducted by the taxpayer or by a passthrough entity owned directly or indirectly by the taxpayer. For purposes of this paragraph, the term "passthrough entity" means a partnership or an "S" corporation.

(2) Income from rental activity.

(3) Income attributable to a farming business.

SEC. 6. Section 17276.10 of the Revenue and Taxation Code is repealed.

~~17276.10. Notwithstanding Section 17276.1, 17276.2, 17276.4, 17276.5, 17276.6, or 17276.7 to the contrary, a net operating loss attributable to a taxable year beginning on or after January 1, 2008, shall be a net operating carryover to each of the 20 taxable years following the year of the loss, and a net operating loss attributable to a taxable year beginning on or after January 1, 2011, shall also be a net operating loss carryback to each of the two taxable years preceding the taxable year of loss.~~

SEC. 7. Section 23663 of the Revenue and Taxation Code is repealed.

~~23663. (a) (1) Notwithstanding any other law to the contrary, for each taxable year beginning on or after July 1, 2008, any credit allowed to a taxpayer under this chapter that is an "eligible credit (within the meaning of paragraph (2) of subdivision (b)) may be assigned by that taxpayer to any "eligible assignee" (within the meaning of paragraph (3) of subdivision (b)).~~

~~(2) A credit assigned under paragraph (1) may only be applied by the eligible assignee against the "tax" of the eligible assignee in a taxable year beginning on or after January 1, 2010.~~

~~(3) Except as specifically provided in this section, following an assignment of any eligible credit under this section, the eligible assignee shall be treated as if it originally earned the assigned credit.~~

~~(b) For purposes of this section, the following definitions shall apply:~~

~~(1) "Affiliated corporation" means a corporation that is a member of a commonly controlled group as defined in Section 25105.~~

~~(2) "Eligible credit" shall mean:~~

~~(A) Any credit earned by the taxpayer in a taxable year beginning on or after July 1, 2008, or~~

~~(B) Any credit earned in any taxable year beginning before July 1, 2008, that is eligible to be carried forward to the taxpayer's first taxable year beginning on or after July 1, 2008, under the provisions of this part.~~

~~(3) "Eligible assignee" shall mean any affiliated corporation that is properly treated as a member of the same combined reporting group pursuant to Section 25101 or 25110 as the taxpayer assigning~~

~~the eligible credit as of:~~

~~(A) In the case of credits earned in taxable years beginning before July 1, 2008:~~

~~(i) June 30, 2008, and~~

~~(ii) The last day of the taxable year of the assigning taxpayer in which the eligible credit is assigned.~~

~~(B) In the case of credits earned in taxable years beginning on or after July 1, 2008.~~

~~(i) The last day of the first taxable year in which the credit was allowed to the taxpayer, and~~

~~(ii) The last day of the taxable year of the assigning taxpayer in which the eligible credit is assigned.~~

~~(c) (1) The election to assign any credit under subdivision (a) shall be irrevocable once made, and shall be made by the taxpayer allowed that credit on its original return for the taxable year in which the assignment is made.~~

~~(2) The taxpayer assigning any credit under this section shall reduce the amount of its unused credit by the face amount of any credit assigned under this section, and the amount of the assigned credit shall not be available for application against the assigning taxpayer's "tax" in any taxable year, nor shall it thereafter be included in the amount of any credit carryover of the assigning taxpayer.~~

~~(3) The eligible assignee of any credit under this section may apply all or any portion of the assigned credits against the "tax" (as defined in Section 23036) of the eligible assignee for the taxable year in which the assignment occurs, or any subsequent taxable year, subject to any carryover period limitations that apply to the assigned credit and also subject to the limitation in paragraph (2) of subdivision (a).~~

~~(4) In no case may the eligible assignee sell, otherwise transfer, or thereafter assign the assigned credit to any other taxpayer.~~

~~(d) (1) No consideration shall be required to be paid by the eligible assignee to the assigning taxpayer for assignment of any credit under this section.~~

~~(2) In the event that any consideration is paid by the eligible assignee to the assigning taxpayer for the transfer of an eligible credit under this section, then:~~

~~(A) No deduction shall be allowed to the eligible assignee under this part with respect to any amounts so paid, and~~

~~(B) No amounts so received by the assigning taxpayer shall be includable in gross income under this part.~~

~~(e) (1) The Franchise Tax Board shall specify the form and manner in which the election required under this section shall be made, as well as any necessary information that shall be required to be provided by the taxpayer assigning the credit to the eligible assignee.~~

~~(2) Any taxpayer who assigns any credit under this section shall report any information, in the form and manner specified by the Franchise Tax Board, necessary to substantiate any credit assigned under this section and verify the assignment and subsequent application of any assigned credit.~~

~~(3) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not apply to any standard, criterion, procedure, determination, rule, notice, or guideline established or issued by the Franchise Tax Board pursuant to paragraphs (1) and (2).~~

~~(4) The Franchise Tax Board may issue any regulations necessary to implement the purposes of this section, including any regulations necessary to specify the treatment of any assignment that does not comply with the requirements of this section (including, for example, where the taxpayer and eligible assignee are not properly treated as members of the same combined reporting group on any of the dates specified in paragraph (3) of subdivision (b).~~

~~(f) (1) The taxpayer and the eligible assignee shall be jointly and severally liable for any tax, addition to tax, or penalty that results from the disallowance, in whole or in part, of any eligible credit assigned under this section.~~

~~(2) Nothing in this section shall limit the authority of the Franchise Tax Board to audit either the assigning taxpayer or the eligible assignee with respect to any eligible credit assigned under this section.~~

~~(g) On or before June 30, 2013, the Franchise Tax Board shall report to the Joint Legislative Budget Committee, the Legislative Analyst, and the relevant policy committees of both houses on the effects of this section. The report shall include, but need not be limited to, the following:~~

~~(1) An estimate of use of credits in the 2010 and 2011 taxable years by eligible taxpayers.~~

~~(2) An analysis of effect of this section on expanding business activity in the state related to these credits.~~

~~(3) An estimate of the resulting tax revenue loss to the state.~~

~~(4) The report shall cover all credits covered in this section, but focus on the credits related to research and development, economic incentive areas, and low income housing.~~

SEC. 8. Section 24416 of the Revenue and Taxation Code is amended to read:

24416. Except as provided in Sections 24416.1, 24416.2, 24416.4, 24416.5, 24416.6, and 24416.7, a net operating loss deduction shall be allowed in computing net income under Section 24341 and shall be determined in accordance with Section 172 of the Internal Revenue Code, except as otherwise provided.

(a) (1) Net operating losses attributable to taxable years beginning before January 1, 1987, shall not be allowed.

(2) A net operating loss shall not be carried forward to any taxable year beginning before January 1, 1987.

(b) (1) Except as provided in paragraphs (2) and (3), the provisions of Section 172(b)(2) of the Internal Revenue Code, relating to the amount of carryovers, shall be modified so that the applicable percentage of the entire amount of the net operating loss for any taxable year shall be eligible for carryover to any subsequent taxable year. For purposes of this subdivision, the applicable percentage shall be:

(A) Fifty percent for any taxable year beginning before January 1, 2000.

(B) Fifty-five percent for any taxable year beginning on or after January 1, 2000, and before January 1, 2002.

(C) Sixty percent for any taxable year beginning on or after January 1, 2002, and before January 1, 2004.

(D) One hundred percent for any taxable year beginning on or after January 1, 2004.

(2) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates a new business during that taxable year, each of the following shall apply to each loss incurred during the first three taxable years of operating the new business:

(A) If the net operating loss is equal to or less than the net loss from the new business, 100 percent of the net operating loss shall be carried forward as provided in subdivision (e).

(B) If the net operating loss is greater than the net loss from the new business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the new business, 100 percent of that amount shall be carried forward as provided in subdivision (e).

(ii) With respect to the portion of the net operating loss that exceeds the net loss from the new business, the applicable percentage of that amount shall be carried forward as provided in subdivision (d).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(3) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates an eligible small business during that taxable year, each of the following shall apply:

(A) If the net operating loss is equal to or less than the net loss from the eligible small business, 100 percent of the net operating loss shall be carried forward to the taxable years specified in paragraph (1) of subdivision (e).

(B) If the net operating loss is greater than the net loss from the eligible small business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the eligible small business, 100 percent of that amount shall be carried forward as provided in subdivision (e).

(ii) With respect to that portion of the net operating loss that exceeds the net loss from the eligible small business, the applicable percentage of that amount shall be carried forward as provided in subdivision (e).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(4) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates a business that qualifies as both a new business and an eligible small business under this section, that business shall be treated as a new business for the first three taxable years of the new business.

(5) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates more than one business, and more than one of those businesses qualifies as either a new business or an eligible small business under this section, paragraph (2) shall be applied first, except that if there is any remaining portion of the net operating loss after application of clause (i) of subparagraph (B) of paragraph (2), paragraph (3) shall be applied to the remaining portion of the net operating loss as though that remaining portion of the net operating loss constituted the entire net operating loss.

(6) For purposes of this section, "net loss" means the amount of net loss after application of Sections 465 and 469 of the Internal Revenue Code.

(c) For any taxable year in which the taxpayer has in effect a water's-edge election under Section 25110, the deduction of a net operating loss carryover shall be denied to the extent that the net operating loss carryover was determined by taking into account the income and factors of an affiliated corporation in a combined report whose income and apportionment factors would not have been taken into account if a water's-edge election under Section 25110 had been in effect for the taxable year in which the loss was incurred.

(d) Net operating loss carrybacks shall not be allowed.

~~(d) Section 172(b)(1) of the Internal Revenue Code, relating to net operating loss carrybacks and carryovers and the years to which the loss may be carried, is modified as follows:~~

~~(1) Net operating loss carrybacks shall not be allowed for any net operating losses attributable to taxable years beginning before January 1, 2011.~~

~~(2) A net operating loss attributable to taxable years beginning on or after January 1, 2011, shall be a net operating loss carryback to each of the two taxable years preceding the taxable year of the loss in lieu of the number of years provided therein.~~

~~(A) For a net operating loss attributable to a taxable year beginning on or after January 1, 2011, and before January 1, 2012, the amount of carryback to any taxable year shall not exceed 50 percent of the net operating loss.~~

~~(B) For a net operating loss attributable to a taxable year beginning on or after January 1, 2012, and before January 1, 2013, the amount of carryback to any taxable year shall not exceed 75 percent of the net operating loss.~~

~~(C) For a net operating loss attributable to a taxable year beginning on or after January 1, 2013, the amount of carryback to any taxable year shall not exceed 100 percent of the net operating loss.~~

~~(3) Notwithstanding paragraph (2), Section 172(b)(1)(B) of the Internal Revenue Code, relating to special rules for REITs, and Sections 172(b)(1)(E) and 172(h) of the Internal Revenue Code, relating to corporate equity reduction interest loss, shall apply as provided.~~

~~(4) A net operating loss carryback shall not be carried back to any taxable year beginning before January 1, 2009.~~

(e) (l) (A) For a net operating loss for any taxable year beginning on or after January 1, 1987, and before January 1, 2000, Section 172(b)(1)(A)(ii) of the Internal Revenue Code, relating to years to which net operating losses may be carried, is modified to substitute "five taxable years" in lieu of "20 years" except as otherwise provided in paragraphs (2), (3), and (4).

(B) For a net operating loss for any income year beginning on or after January 1, 2000, ~~and before January 1, 2008,~~ Section 172(b)(1)(A)(ii) of the Internal Revenue Code, relating to years to which net operating losses may be carried, is modified to substitute "10 taxable years" in lieu of "20 taxable years."

(2) For any income year beginning before January 1, 2000, in the case of a "new business," the "five taxable years" referred to in paragraph (1) shall be modified to read as follows:

(A) "Eight taxable years" for a net operating loss attributable to the first taxable year of that new business.

(B) "Seven taxable years" for a net operating loss attributable to the second taxable year of that new business.

(C) "Six taxable years" for a net operating loss attributable to the third taxable year of that new business.

(3) For any carryover of a net operating loss for which a deduction is denied by Section 24416.3, the carryover period specified in this subdivision shall be extended as follows:

(A) By one year for a net operating loss attributable to taxable years beginning in 1991.

(B) By two years for a net operating loss attributable to taxable years beginning prior to January 1, 1991.

(4) The net operating loss attributable to taxable years beginning on or after January 1, 1987, and before January 1, 1994, shall be a net operating loss carryover to each of the 10 taxable years following the year of the loss if it is incurred by a corporation that was either of the following:

(A) Under the jurisdiction of the court in a Title 11 or similar case at any time prior to January 1, 1994. The loss carryover provided in the preceding sentence shall not apply to any loss incurred in an income year after the taxable year during which the corporation is no longer under the jurisdiction of the court in a Title 11 or similar case.

(B) In receipt of assets acquired in a transaction that qualifies as a tax-free reorganization under Section 368(a)(1)(G) of the Internal Revenue Code.

(f) For purposes of this section:

(1) "Eligible small business" means any trade or business that has gross receipts, less returns and allowances, of less than one million dollars ($1,000,000) during the income year.

(2) Except as provided in subdivision (g), "new business" means any trade or business activity that is first commenced in this state on or after January 1, 1994.

(3) "Title 11 or similar case" shall have the same meaning as in Section 368(a)(3) of the Internal Revenue Code.

(4) In the case of any trade or business activity conducted by a partnership or an "S corporation," paragraphs (1) and (2) shall be applied to the partnership or "S corporation."

(g) For purposes of this section, in determining whether a trade or business activity qualifies as a new business under paragraph (2) of subdivision (e), the following rules shall apply:

(1) In any case where a taxpayer purchases or otherwise acquires all or any portion of the assets of an existing trade or business (irrespective of the form of entity) that is doing business in this state (within the meaning of Section 23101), the trade or business thereafter conducted by the taxpayer (or any related person) shall not be treated as a new business if the aggregate fair market value of the acquired assets (including real, personal, tangible, and intangible property) used by the taxpayer (or any related person) in the conduct of its trade or business exceeds 20 percent of the aggregate fair market value of the total assets of the trade or business being conducted by the taxpayer (or any related person). For purposes of this paragraph only, the following rules shall apply:

(A) The determination of the relative fair market values of the acquired assets and the total assets shall be made as of the last day of the first taxable year in which the taxpayer (or any related person) first uses any of the acquired trade or business assets in its business activity.

(B) Any acquired assets that constituted property described in Section 1221(1) of the Internal Revenue Code in the hands of the transferor shall not be treated as assets acquired from an existing trade or business, unless those assets also constitute property described in Section 1221(1) of the Internal Revenue Code in the hands of the acquiring taxpayer (or related person).

(2) In any case where a taxpayer (or any related person) is engaged in one or more trade or business activities in this state, or has been engaged in one or more trade or business activities in this state within the preceding 36 months ("prior trade or business activity"), and thereafter commences an additional trade or business activity in this state, the additional trade or business activity shall only be treated as a new business if the additional trade or business activity is classified under a different division of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, than are any of the taxpayer's (or any related person's) current or prior trade or business activities.

(3) In any case where a taxpayer, including all related persons, is engaged in trade or business activities wholly outside of this state and the taxpayer first commences doing business in this state (within the meaning of Section 23101) after December 31, 1993 (other than by purchase or other acquisition described in paragraph (1)), the trade or business activity shall be treated as a new business under paragraph (2) of subdivision (e).

(4) In any case where the legal form under which a trade or business activity is being conducted is changed, the change in form shall be disregarded and the determination of whether the trade or business activity is a new business shall be made by treating the taxpayer as having purchased or otherwise acquired all or any portion of the assets of an existing trade or business under the rules of paragraph (1) of this subdivision.

(5) "Related person" shall mean any person that is related to the taxpayer under either Section 267 or 318 of the Internal Revenue Code.

(6) "Acquire" shall include any transfer, whether or not for consideration.

(7) (A) For taxable years beginning on or after January 1, 1997, the term "new business" shall include any taxpayer that is engaged in biopharmaceutical activities or other biotechnology activities that are described in Codes 2833 to 2836, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, and as further amended, and that has not received regulatory approval for any product from the United States Food and Drug Administration.

(B) For purposes of this paragraph:

(i) "Biopharmaceutical activities" means those activities that use organisms or materials derived from organisms, and their cellular, subcellular, or molecular components, in order to provide pharmaceutical products for human or animal therapeutics and diagnostics. Biopharmaceutical activities make use of living organisms to make commercial products, as opposed to pharmaceutical activities that make use of chemical compounds to produce commercial products.

(ii) "Other biotechnology activities" means activities consisting of the application of recombinant DNA technology to produce commercial products, as well as activities regarding pharmaceutical delivery systems designed to provide a measure of control over the rate, duration, and site of pharmaceutical delivery.

(h) For purposes of corporations whose net income is determined under Chapter 17 (commencing with Section 25101), Section 25108 shall apply to each of the following:

(1) The amount of net operating loss incurred in any taxable year that may be carried forward to another taxable year.

(2) The amount of any loss carry forward that may be deducted in any taxable year.

(i) The provisions of Section 172(b)(l)(D) of the Internal Revenue Code, relating to bad debt losses of commercial banks, shall not be applicable.

(j) The Franchise Tax Board may prescribe appropriate regulations to carry out the purposes of this section, including any regulations necessary to prevent the avoidance of the purposes of this section through splitups, shell corporations, partnerships, tiered ownership structures, or otherwise.

(k) The Franchise Tax Board may reclassify any net operating loss carryover determined under either paragraph (2) or (3) of subdivision (b) as a net operating loss carryover under paragraph (1) of subdivision (b) upon a showing that the reclassification is necessary to prevent evasion of the purposes of this section.

(*l*) Except as otherwise provided, the amendments made by Chapter 107 of the Statutes of 2000 shall apply to net operating losses for taxable years beginning on or after January 1, 2000.

SEC. 9. Section 24416.9 of the Revenue and Taxation Code is amended to read:

24416.9. (a) Notwithstanding Sections 24416, 24416.1, 24416.2, 24416.4, 24416.5, 24416.6, and 24416.7 of this code and Section 172 of the Internal Revenue Code, no net operating loss deduction shall be allowed for any taxable year beginning on or after January 1, 2008, and before January 1, 2010.

(b) For any net operating loss or carryover of a net operating

loss for which a deduction is denied by subdivision (a), the carryover period under Section 172 of the Internal Revenue Code shall be extended as follows:

(1) By one year, for losses incurred in taxable years beginning on or after January 1, 2008, and before January 1, 2009.

(2) By two years, for losses incurred in taxable years beginning before January 1, 2008.

~~(c) Notwithstanding subdivision (a), a net operating loss deduction shall be allowed for carryback of a net operating loss attributable to a taxable year beginning on or after January 1, 2011.~~

~~(d)~~ *(c)* The provisions of this section shall not apply to a taxpayer with income subject to tax under this part of less than five hundred thousand dollars ($500,000) for the taxable year.

SEC. 10. Section 24416.10 of the Revenue and Taxation Code is repealed.

~~24416.10. Notwithstanding Section 24416.1, 24416.2, 24416.4, 24416.5, 24416.6, or 24416.7 to the contrary, a net operating loss attributable to a taxable year beginning on or after January 1, 2008, shall be a net operating carryover to each of the 20 taxable years following the year of the loss, and a net operating loss attributable to a taxable year beginning on or after January 1, 2011, shall also be a net operating loss carryback to each of the two taxable years preceding the taxable year of loss.~~

SEC. 11. Section 25128.5 of the Revenue and Taxation Code is repealed.

~~25128.5. (a) Notwithstanding Section 38006, for taxable years beginning on or after January 1, 2011, any apportioning trade or business, other than an apportioning trade or business described in subdivision (b) of Section 25128, may make an irrevocable annual election on an original timely filed return, in the manner and form prescribed by the Franchise Tax Board to apportion its income in accordance with this section, and not in accordance with Section 25128.~~

~~(b) Notwithstanding Section 38006, for taxable years beginning on or after January 1, 2011, all business income of an apportioning trade or business making an election described in subdivision (a) shall be apportioned to this state by multiplying the business income by the sales factor.~~

~~(c) The Franchise Tax Board is authorized to issue regulations necessary or appropriate regarding the making of an election under this section, including regulations that are consistent with rules prescribed for making an election under Section 25113.~~

SEC. 12. Severability

If any of the provisions of this measure or the applicability of any provision of this measure to any person or circumstances shall be found to be unconstitutional or otherwise invalid, such finding shall not affect the remaining provisions or applications of this measure to other persons or circumstances, and to that extent the provisions of this measure are deemed to be severable.

SEC. 13. Conflicting Initiatives

In the event that this measure and another measure relating to these tax provisions shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the other measure shall be null and void.

PROPOSITION 25

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends a section of the California Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title.

This measure shall be known and may be cited as the "On-Time Budget Act of 2010."

SEC. 2. Findings and Declarations.

The people of the State of California find and declare that:

1. For more than 20 years, the California Legislature has been unable to meet its constitutional duty to pass a Budget Act by June 15. In many of those years, the Legislature did not pass a Budget Act until the month of August, and in 2008, the Budget Act was not passed until September 16, more than three months late.

2. Late budget passage can have a sudden and devastating effect on individual Californians and California businesses. Individuals and families can be deprived of essential governmental services and businesses are subject to protracted delays in payments for services rendered to the State.

3. A major cause of the inability of the Legislature to pass a budget in a timely manner is the supermajority two-thirds vote required to pass a budget. Political party leaders refuse to compromise to solve the state's budget problem and have used the two-thirds vote requirement to hold up the budget or to leverage special interest concessions that benefit only a handful of politicians.

4. California, Rhode Island and Arkansas are the only states in the country that require a vote of two-thirds or more of the legislature to pass a budget.

5. A second major cause of the inability of the Legislature to pass a budget on time is that individual legislators have no incentive for doing so. Whether they adopt a budget on time or not has no effect upon those elected to represent the voters. In order to give the Legislature an incentive to pass the annual state budget on time, legislators should not be paid or reimbursed for living expenses if they fail to enact the budget on time. This measure requires incumbents to permanently forfeit their salaries and expenses for each day the budget is late.

SEC. 3. Purpose and Intent.

1. The people enact this measure to end budget delays by changing the legislative vote necessary to pass the budget from two-thirds to a majority vote and by requiring legislators to forfeit their pay if the Legislature fails to pass the budget on time.

2. This measure will not change Proposition 13's property tax limitations in any way. This measure will not change the two-thirds vote requirement for the Legislature to raise taxes.

SEC. 4. Section 12 of Article IV of the California Constitution is amended to read:

SEC. 12. (a) Within the first 10 days of each calendar year, the Governor shall submit to the Legislature, with an explanatory message, a budget for the ensuing fiscal year containing itemized statements for recommended state expenditures and estimated state revenues. If recommended expenditures exceed estimated revenues, the Governor shall recommend the sources from which the additional revenues should be provided.

(b) The Governor and the Governor-elect may require a state agency, officer or employee to furnish whatever information is deemed necessary to prepare the budget.

(c) (l) The budget shall be accompanied by a budget bill itemizing recommended expenditures.

(2) The budget bill shall be introduced immediately in each house by the persons chairing the committees that consider the budget.

(3) The Legislature shall pass the budget bill by midnight on June 15 of each year.

(4) Until the budget bill has been enacted, the Legislature shall not send to the Governor for consideration any bill appropriating funds for expenditure during the fiscal year for which the budget bill is to be enacted, except emergency bills recommended by the Governor or appropriations for the salaries and expenses of the Legislature.

(d) No bill except the budget bill may contain more than one item of appropriation, and that for one certain, expressed purpose. Appropriations from the General Fund of the State, except appropriations for the public schools; *and appropriations in the budget bill and in other bills providing for appropriations related to the budget bill,* are void unless passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring.

(e) (1) Notwithstanding any other provision of law or of this Constitution, the budget bill and other bills providing for appropriations related to the budget bill may be passed in each house by rollcall vote entered in the journal, a majority of the membership concurring, to take effect immediately upon being signed by the Governor or upon a date specified in the legislation. Nothing in this subdivision shall affect the vote requirement for appropriations for the public schools contained in subdivision (d) of this section and in subdivision (b) of Section 8 of this article.

(2) For purposes of this section, "other bills providing for appropriations related to the budget bill" shall consist only of bills identified as related to the budget in the budget bill passed by the Legislature.

~~(e)~~ *(f)* The Legislature may control the submission, approval, and enforcement of budgets and the filing of claims for all state agencies.

~~(f)~~ *(g)* For the 2004–05 fiscal year, or any subsequent fiscal year, the Legislature may not send to the Governor for consideration, nor may the Governor sign into law, a budget bill that would appropriate from the General Fund, for that fiscal year, a total amount that, when combined with all appropriations from the General Fund for that fiscal year made as of the date of the budget bill's passage, and the amount of any General Fund moneys transferred to the Budget Stabilization Account for that fiscal year pursuant to Section 20 of Article XVI, exceeds General Fund revenues for that fiscal year estimated as of the date of the budget bill's passage. That estimate of General Fund revenues shall be set forth in the budget bill passed by the Legislature.

(h) Notwithstanding any other provision of law or of this Constitution, including subdivision (c) of this section, Section 4 of this article, and Sections 4 and 8 of Article III, in any year in which the budget bill is not passed by the Legislature by midnight on June 15, there shall be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for Members of the Legislature during any regular or special session for the period from midnight on June 15 until the day that the budget bill is presented to the Governor. No salary or reimbursement for travel or living expenses forfeited pursuant to this subdivision shall be paid retroactively.

SEC. 5. Severability.

If any of the provisions of this measure or the applicability of any provision of this measure to any person or circumstances shall be found to be unconstitutional or otherwise invalid, such finding shall not affect the remaining provisions or applications of this measure to other persons or circumstances, and to that extent the provisions of this measure are deemed to be severable.

PROPOSITION 26

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends sections of the California Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Findings and Declarations of Purpose.

The people of the State of California find and declare that:

(a) Since the people overwhelmingly approved Proposition 13 in 1978, the Constitution of the State of California has required that increases in state taxes be adopted by not less than two-thirds of the members elected to each house of the Legislature.

(b) Since the enactment of Proposition 218 in 1996, the Constitution of the State of California has required that increases in local taxes be approved by the voters.

(c) Despite these limitations, California taxes have continued to escalate. Rates for state personal income taxes, state and local sales and use taxes, and a myriad of state and local business taxes are at all-time highs. Californians are taxed at one of the highest levels of any state in the nation.

(d) Recently, the Legislature added another $12 billion in new taxes to be paid by drivers, shoppers, and anyone who earns an income.

(e) This escalation in taxation does not account for the recent phenomenon whereby the Legislature and local governments have disguised new taxes as "fees" in order to extract even more revenue from California taxpayers without having to abide by these constitutional voting requirements. Fees couched as "regulatory" but which exceed the reasonable costs of actual regulation or are simply imposed to raise revenue for a new program and are not part of any licensing or permitting program are actually taxes and should be subject to the limitations applicable to the imposition of taxes.

(f) In order to ensure the effectiveness of these constitutional limitations, this measure also defines a "tax" for state and local purposes so that neither the Legislature nor local governments can circumvent these restrictions on increasing taxes by simply defining new or expanded taxes as "fees."

SECTION 2. Section 3 of Article XIII A of the California Constitution is amended to read:

SEC. 3. *(a)* ~~From and after the effective date of this article, any changes in state taxes enacted for the purpose of increasing revenues collected pursuant thereto~~ *Any change in state statute which results in any taxpayer paying a higher tax* ~~whether by increased rates or changes in methods of computation~~ must be imposed by an ~~Act~~ *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.

(b) As used in this section, "tax" means any levy, charge, or exaction of any kind imposed by the State, except the following:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the State of conferring the benefit or granting the privilege to the payor.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the State of providing the service or product to the payor.

(3) A charge imposed for the reasonable regulatory costs to the State incident to issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

(4) A charge imposed for entrance to or use of state property, or the purchase, rental, or lease of state property, except charges governed by Section 15 of Article XI.

(5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or the State, as a result of a violation of law.

(c) Any tax adopted after January 1, 2010, but prior to the effective date of this act, that was not adopted in compliance with the requirements of this section is void 12 months after the effective date of this act unless the tax is reenacted by the Legislature and signed into law by the Governor in compliance with the requirements of this section.

(d) The State bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

SECTION 3. Section 1 of Article XIII C of the California Constitution is amended to read:

SECTION 1. Definitions. As used in this article:

(a) "General tax" means any tax imposed for general governmental purposes.

(b) "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.

(c) "Special district" means an agency of the State, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.

(d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

(e) As used in this article, "tax" means any levy, charge, or exaction of any kind imposed by a local government, except the following:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

(3) A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

(4) A charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property.

(5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law.

(6) A charge imposed as a condition of property development.

(7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

SECTION 4. Conflicting Measures.

In the event that this measure and another measure or measures relating to the legislative or local votes required to enact taxes or fees shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures relating to the legislative or local votes required to enact taxes or fees shall be null and void.

SECTION 5. Severability.

If any provision of this act, or any part thereof, is for any reason held to be invalid or unconstitutional, the remaining provisions shall not be affected, but shall remain in full force and effect, and to this end the provisions of this act are severable.

PROPOSITION 27

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends the California Constitution and repeals sections of the Government Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title.

This Act shall be known and may be cited as the "Financial Accountability in Redistricting Act" or "FAIR Act."

SECTION 2. Findings and Purpose.

The people of the State of California hereby make the following findings and declare their purpose in enacting the FAIR Act is as follows:

(a) Our political leadership has failed us. California is facing an unprecedented economic crisis and we, the people (not the politicians), need to prioritize how we spend our limited funds. We are going broke. Spending unlimited millions of dollars to create multiple new bureaucracies just to decide a political game of Musical Chairs is a waste—pure and simple. Under current law, a group of unelected commissioners, making up to $1 million a year

in cumulative salary, preside over a budget that cannot be cut even when state revenues are shrinking. This reform will cut wasteful spending on unnecessary bureaucracies whose sole purpose is to draw districts for politicians. This initiative reform provides a permanent cap on this kind of spending, and prohibits any spending increases without approval by the voters. It will save many millions of dollars.

(b) Under current law, three randomly selected accountants decide who can be one of the 14 unelected commissioners who head a bureaucracy that wields the power to decide who represents us. This reform will ensure that those who make the decisions are accountable to the voters and that all of their decisions are subject to approval by the voters.

(c) Voters should always have the final voice. Under current law, voters can be denied the right to pass a referendum against unfair Congressional district gerrymanders. A referendum means that we, the voters, have a right to say "no" to the Legislature, say "no" to a statute with which we disagree. Under current law, protections to ensure a transparent, open process can be changed against the will of the people. This initiative reform ensures that voters will always have the right to challenge any redistricting plan (including the Congressional plan) and that no government officials can deny the public the right to participate in the process.

(d) One-person-one-vote should mean something. But under current law, some people can count 10 percent more than others. Under current law, one district could have almost a million more people than another. That is not fair representation, it is the opposite. Historically, severely underpopulated districts were called "rotten boroughs." This practice must be stopped. This reform will ensure that all districts are precisely the same size and that every person counts equally.

(e) Unaccountable appointed officials cannot be trusted to serve the interests of our communities. The last time unelected officials drew districts, they split twice as many cities as those drawn by people who were accountable to the voters. This fracturing of cities diminishes the power of local communities. This reform strengthens protections against splitting counties and cities. We need reform to keep our communities and neighborhoods together so everyone has representation.

(f) Sacramento has become a full-time game of Musical Chairs—where incumbent term-limited politicians serve out their maximum term in one office and then run for another office where they are a shoo-in. This must stop! Current law gives State Assembly members the homefield advantage in running for the State Senate and gives State Senators the same advantage when running for the State Assembly. This is because current law mandates that in virtually all situations each State Senator represent 100 percent of two Assembly seats; each Assembly member represents 50 percent of a Senate district. Sacramento politicians already have access to millions of dollars from lobbyists and special interest groups. Stacking districts to further disadvantage ordinary people (homeowner groups, small business, environmental and community activist groups) who don't have access to the special interest contributions that flow to Sacramento incumbents is outrageous. This reform ends this practice.

(g) "Jim Crow" districts are a throwback to an awful bygone era. Districting by race, by class, by lifestyle or by wealth is unacceptable. Yet the same proponents who backed the current failing law have also proposed mandating that all districts be segregated according to "similar living standards" and that districts include only people with "similar work opportunities." Californians understand these code words. The days of "country club members only" districts or of "poor people only" districts are over. This reform ensures these districts remain a thing of the past. All Californians will be treated equally.

SECTION 3. Amendment of Article II of the California Constitution.

SECTION 3.1. Section 9 of Article II of the California Constitution is amended to read:

SEC. 9. (a) The referendum is the power of the electors to approve or reject statutes or parts of statutes except urgency statutes, statutes calling elections, and statutes providing for tax levies or appropriations for usual current expenses of the State. *None of these exceptions shall apply to any statutes or parts of statutes approving the final maps setting forth the district boundary lines for Congressional, Senate, Assembly, or State Board of Equalization districts.*

(b) A referendum measure may be proposed by presenting to the Secretary of State, within 90 days after the enactment date of the statute, a petition certified to have been signed by electors equal in number to 5 percent of the votes for all candidates for Governor at the last gubernatorial election, asking that the statute or part of it be submitted to the electors. In the case of a statute enacted by a bill passed by the Legislature on or before the date the Legislature adjourns for a joint recess to reconvene in the second calendar year of the biennium of the legislative session, and in the possession of the Governor after that date, the petition may not be presented on or after January 1 next following the enactment date unless a copy of the petition is submitted to the Attorney General pursuant to subdivision (d) of Section 10 of Article II before January 1.

(c) The Secretary of State shall then submit the measure at the next general election held at least 31 days after it qualifies or at a special statewide election held prior to that general election. The Governor may call a special statewide election for the measure.

SECTION 4. Amendment of Article XXI of the California Constitution.

SECTION 4.1. Section 1 of Article XXI of the California Constitution is amended to read:

SECTION 1. In the year following the year in which the national census is taken under the direction of Congress at the beginning of each decade, the Legislature shall adjust the boundary lines of ~~congressional,~~ *Congressional*, *State Senate, Assembly, and Board of Equalization* districts ~~in conformance with the following standards and process~~ *pursuant to a mapping process using the following criteria as set forth in the following order of priority*:

(a) Each member ~~of Congress~~ shall be elected from a single-member district.

(b) *Districts shall comply with the United States Constitution.* The population of all ~~congressional~~ districts shall be ~~reasonably equal~~ *precisely equal with other districts for the same office. If precise population equality is mathematically impossible, a population variation of no more than plus or minus one person shall be allowed.* ~~After following this criterion, the Legislature shall adjust the boundary lines according to the criteria set forth and prioritized in paragraphs (2), (3), (4), and (5) of subdivision (d) of Section 2. The Legislature shall issue, with its final map, a report that explains the basis on which it made its decisions in achieving compliance with these criteria and shall include definitions of the terms and standards used in drawing its final map.~~

(c) Districts shall comply with the federal Voting Rights Act (42 U.S.C. Sec. 1971 and following) and all federal law in effect at the time the districting plan is adopted.

(d) Districts shall be geographically contiguous.

(e) The geographical integrity of any city, county, city and

county, or community of interest shall be respected in a manner that minimizes its division. No contiguous city, county, or city and county that has fewer persons than the ideal population of a district established by subdivision (b) shall be split except to achieve population equality, contiguity, or to comply with all federal constitutional and statutory requirements including the Voting Rights Act (42 U.S.C. Sec. 1971 and following).

~~(c) Congressional districts~~ *(f) Districts for the same office* shall be numbered consecutively commencing at the northern boundary of the State and ending at the southern boundary.

~~(d) The Legislature shall coordinate with the Citizens Redistricting Commission established pursuant to Section 2 to hold concurrent hearings, provide access to redistricting data and software, and otherwise ensure full public participation in the redistricting process. The Legislature shall comply with the open hearing requirements of paragraphs (1), (2), (3), and (7) of subdivision (a) of, and subdivision (b) of, Section 8253 of the Government Code, or its successor provisions of statute.~~

SEC. 4.2. Section 2 of Article XXI of the California Constitution is amended to read:

SEC. 2. (a) ~~The Citizens Redistricting Commission shall draw new district lines (also known as "redistricting") for State Senate, Assembly, and Board of Equalization districts. This commission shall be created no later than December 31 in 2010, and in each year ending in the number zero thereafter.~~

~~(b) The Citizens Redistricting Commission (hereinafter the "commission")~~ *The Legislature* shall: (1) conduct an open and transparent process enabling full public consideration of and comment on the drawing of district lines; (2) draw district lines according to the redistricting criteria specified in this article; ~~and~~ (3) conduct ~~themselves~~ *itself* with integrity and fairness*; and (4) apply this article in a manner that reinforces public confidence in the integrity of the redistricting process.*

(b) The Legislature shall provide not less than 14 days' public notice for each meeting dealing with redistricting. No bill setting forth the district boundary lines for Congressional, Senate, Assembly, or State Board of Equalization districts shall be amended in the three days prior to the passage of the bill in each house in its final form.

(c) The Legislature shall take all steps necessary to ensure that a complete and accurate computerized database is available for redistricting, and that procedures are in place to provide the public ready access to redistricting data and computer software for drawing maps.

(d) The records of the Legislature pertaining to redistricting and all data considered by the Legislature are public records and shall be posted in a manner that ensures immediate and widespread public access.

(e) The Legislature shall retain at least one legal counsel who has extensive experience and expertise in the implementation and enforcement of the federal Voting Rights Act of 1965 (42 U.S.C. Sec. 1971 and following) and other federal and state legal requirements for redistricting.

(f) Notwithstanding any other provision of law, no employer shall discharge, threaten to discharge, intimidate, coerce, or retaliate against any employee by reason of views expressed by such employee in any legislative session or hearing relating to redistricting.

(g) The Legislature shall establish and implement an open hearing process for public input and deliberation that shall be subject to public notice and shall be promoted through a thorough outreach program in order to solicit broad public participation in the redistricting public review process. The hearing process shall include, at a minimum, (1) hearings to receive public input before the release of data by the United States Census Bureau for the most recent applicable decennial census, (2) hearings to receive public input before the Legislature draws any maps, and (3) hearings to receive public input following the drawing and display of any maps. In addition, hearings shall be supplemented with other activities as appropriate in order to further increase opportunities for the public to observe and participate in the review process. The Legislature shall display proposed maps for public comment in a manner designed to achieve the widest public access reasonably possible. Public comment shall be taken for at least 14 days from the date of the initial public display of maps.

(h) For the two-year period beginning with November, 2010, and in each three-year period beginning with the year ending in nine thereafter, the Legislature shall expend no more than the lesser of (1) two million five hundred thousand dollars ($2,500,000), or (2) the amount expended pursuant to this subdivision in the immediately preceding redistricting process, to implement the redistricting process required by this article. For each of the redistricting processes beginning with the year 2020 and thereafter, the above amounts shall be adjusted by the cumulative change in the California Consumer Price Index, or its successor, since the date of the immediately preceding appropriation made pursuant to this subdivision. This provision shall be deemed to constitute an absolute spending cap on the expenditure of public funds by the Legislature for the costs of implementing the redistricting process required by this article during the specified period.

~~(c) (1) The selection process is designed to produce a Citizens Redistricting Commission that is independent from legislative influence and reasonably representative of this State's diversity.~~

~~(2) The Citizens Redistricting Commission shall consist of 14 members, as follows: five who are registered with the largest political party in California based on registration, five who are registered with the second largest political party in California based on registration, and four who are not registered with either of the two largest political parties in California based on registration.~~

~~(3) Each commission member shall be a voter who has been continuously registered in California with the same political party or unaffiliated with a political party and who has not changed political party affiliation for five or more years immediately preceding the date of his or her appointment. Each commission member shall have voted in two of the last three statewide general elections immediately preceding his or her application.~~

~~(4) The term of office of each member of the commission expires upon the appointment of the first member of the succeeding commission.~~

~~(5) Nine members of the commission shall constitute a quorum. Nine or more affirmative votes shall be required for any official action. The three final maps must be approved by at least nine affirmative votes which must include at least three votes of members registered from each of the two largest political parties in California based on registration and three votes from members who are not registered with either of these two political parties.~~

~~(6) Each commission member shall apply this article in a manner that is impartial and that reinforces public confidence in the integrity of the redistricting process. A commission member shall be ineligible for a period of 10 years beginning from the date of appointment to hold elective public office at the federal, state, county, or city level in this State. A member of the commission shall be ineligible for a period of five years beginning from the date of appointment to hold appointive federal, state, or local public office, to serve as paid staff for the Legislature or any individual legislator or to register as a federal, state, or local~~

~~lobbyist in this State.~~

~~(d) The commission shall establish single-member districts for the Senate, Assembly, and State Board of Equalization pursuant to a mapping process using the following criteria as set forth in the following order of priority:~~

~~(1) Districts shall comply with the United States Constitution. Senate, Assembly, and State Board of Equalization districts shall have reasonably equal population with other districts for the same office, except where deviation is required to comply with the federal Voting Rights Act or allowable by law.~~

~~(2) Districts shall comply with the federal Voting Rights Act (42 U.S.C. Sec. 1971 and following).~~

~~(3) Districts shall be geographically contiguous.~~

~~(4) The geographic integrity of any city, county, city and county, neighborhood, or community of interest shall be respected to the extent possible without violating the requirements of any of the preceding subdivisions. Communities of interest shall not include relationships with political parties, incumbents, or political candidates.~~

~~(5) To the extent practicable, and where this does not conflict with the criteria above, districts shall be drawn to encourage geographical compactness such that nearby areas of population are not bypassed for more distant population.~~

~~(6) To the extent practicable, and where this does not conflict with the criteria above, each Senate district shall be comprised of two whole, complete, and adjacent Assembly districts, and each Board of Equalization district shall be comprised of 10 whole, complete, and adjacent Senate districts.~~

~~(e) The place of residence of any incumbent or political candidate shall not be considered in the creation of a map. Districts shall not be drawn for the purpose of favoring or discriminating against an incumbent, political candidate, or political party.~~

~~(f) Districts for the Senate, Assembly, and State Board of Equalization shall be numbered consecutively commencing at the northern boundary of the State and ending at the southern boundary.~~

~~(g)~~ *(i)* By September 15 in 2011, and in each year ending in the number one thereafter, the ~~commission shall approve three~~ *Legislature shall enact one or more statutes approving four* final maps that separately set forth the district boundary lines for the *Congressional,* Senate, Assembly, and State Board of Equalization districts. *Every such statute shall be subject to referendum pursuant to Section 9 of Article II of this Constitution.* ~~Upon approval, the commission shall certify the three final maps to the Secretary of State.~~

~~(h) The commission shall issue, with each of the three final maps, a report that explains the basis on which the commission made its decisions in achieving compliance with the criteria listed in subdivision (d) and shall include definitions of the terms and standards used in drawing each final map.~~

~~(i) Each certified final map shall be subject to referendum in the same manner that a statute is subject to referendum pursuant to Section 9 of Article II. The date of certification of a final map to the Secretary of State shall be deemed the enactment date for purposes of Section 9 of Article II.~~

~~(j) If the commission does not approve a final map by at least the requisite votes or if voters disapprove a certified final map in a referendum, the Secretary of State shall immediately petition the Supreme Court for an order directing the appointment of special masters to adjust the boundary lines of that map in accordance with the redistricting criteria and requirements set forth in subdivisions (d), (e), and (f). Upon its approval of the masters' map, the court shall certify the resulting map to the Secretary of State, which map shall constitute the certified final map for the subject type of district.~~

SEC. 4.3. Section 3 of Article XXI of the California Constitution is amended to read:

SEC. 3. (a) ~~The commission has the sole legal standing to defend any action regarding a certified final map, and shall inform the Legislature if it determines that funds or other resources provided for the operation of the commission are not adequate. The Legislature shall provide adequate funding to defend any action regarding a certified map. The commission has sole authority to determine whether the Attorney General or other legal counsel retained by the commission shall assist in the defense of a certified final map.~~

~~(b) (1)~~ The *California* Supreme Court has original and exclusive jurisdiction in all *state judicial* proceedings in which a ~~certified~~ final map is challenged.

~~(2)~~ *(b)* Any ~~registered~~ voter *registered* in this ~~state~~ *State* may file a petition for a writ of mandate or writ of prohibition *with the California Supreme Court*, within 45 days after the *enactment of* ~~commission has certified~~ a final map ~~to the Secretary of State~~, to bar the Secretary of State from implementing the *redistricting* plan on the grounds that the filed plan violates this Constitution, the United States Constitution, or any federal ~~or state~~ statute.

~~(3) The Supreme Court shall give priority to ruling on a petition for a writ of mandate or a writ of prohibition filed pursuant to paragraph (2). If the court determines that a final certified map violates this Constitution, the United States Constitution, or any federal or state statute, the court shall fashion the relief that it deems appropriate.~~

(c) If final maps are not enacted in a timely manner, or if the Supreme Court determines that a final map violates this Constitution, the United States Constitution, or any federal statute, the California Supreme Court shall fashion the relief that it deems appropriate in accordance with the redistricting criteria and requirements set forth in Section 1 of this article. This relief may but need not extend the time for the Legislature to carry out its responsibilities.

SECTION 5. Amendment of Government Code.

SEC. 5.1. Chapter 3.2 (commencing with Section 8251) of Division 1 of Title 2 of the Government Code is repealed.

~~CHAPTER 3.2. CITIZENS REDISTRICTING COMMISSION~~

~~8251. Citizens Redistricting Commission General Provisions.~~

~~(a) This chapter implements Article XXI of the California Constitution by establishing the process for the selection and governance of the Citizens Redistricting Commission.~~

~~(b) For purposes of this chapter, the following terms are defined:~~

~~(1) "Commission" means the Citizens Redistricting Commission.~~

~~(2) "Day" means a calendar day, except that if the final day of a period within which an act is to be performed is a Saturday, Sunday, or holiday, the period is extended to the next day that is not a Saturday, Sunday, or holiday.~~

~~(3) "Panel" means the Applicant Review Panel.~~

~~(4) "Qualified independent auditor" means an auditor who is currently licensed by the California Board of Accountancy and has been a practicing independent auditor for at least 10 years prior to appointment to the Applicant Review Panel.~~

~~(c) The Legislature may not amend this chapter unless all of the following are met:~~

~~(1) By the same vote required for the adoption of the final set of maps, the commission recommends amendments to this chapter to carry out its purpose and intent.~~

(2) The exact language of the amendments provided by the commission is enacted as a statute approved by a two-thirds vote of each house of the Legislature and signed by the Governor.

(3) The bill containing the amendments provided by the commission is in print for 10 days before final passage by the Legislature.

(4) The amendments further the purposes of this act.

(5) The amendments may not be passed by the Legislature in a year ending in 0 or 1.

8252. Citizens Redistricting Commission Selection Process.

(a) (1) By January 1 in 2010, and in each year ending in the number zero thereafter, the State Auditor shall initiate an application process, open to all registered California voters in a manner that promotes a diverse and qualified applicant pool.

(2) The State Auditor shall remove from the applicant pool individuals with conflicts of interest including:

(A) Within the 10 years immediately preceding the date of application, neither the applicant, nor a member of his or her immediate family, may have done any of the following:

(i) Been appointed to, elected to, or have been a candidate for federal or state office.

(ii) Served as an officer, employee, or paid consultant of a political party or of the campaign committee of a candidate for elective federal or state office.

(iii) Served as an elected or appointed member of a political party central committee.

(iv) Been a registered federal, state, or local lobbyist.

(v) Served as paid congressional, legislative, or Board of Equalization staff.

(vi) Contributed two thousand dollars ($2,000) or more to any congressional, state, or local candidate for elective public office in any year, which shall be adjusted every 10 years by the cumulative change in the California Consumer Price Index, or its successor.

(B) Staff and consultants to, persons under a contract with, and any person with an immediate family relationship with the Governor, a Member of the Legislature, a member of Congress, or a member of the State Board of Equalization, are not eligible to serve as commission members. As used in this subdivision, a member of a person's "immediate family" is one with whom the person has a bona fide relationship established through blood or legal relation, including parents, children, siblings, and in-laws.

(b) The State Auditor shall establish an Applicant Review Panel, consisting of three qualified independent auditors, to screen applicants. The State Auditor shall randomly draw the names of three qualified independent auditors from a pool consisting of all auditors employed by the state and licensed by the California Board of Accountancy at the time of the drawing. The State Auditor shall draw until the names of three auditors have been drawn including one who is registered with the largest political party in California based on party registration, one who is registered with the second largest political party in California based on party registration, and one who is not registered with either of the two largest political parties in California. After the drawing, the State Auditor shall notify the three qualified independent auditors whose names have been drawn that they have been selected to serve on the panel. If any of the three qualified independent auditors decline to serve on the panel, the State Auditor shall resume the random drawing until three qualified independent auditors who meet the requirements of this subdivision have agreed to serve on the panel. A member of the panel shall be subject to the conflict of interest provisions set forth in paragraph (2) of subdivision (a).

(c) Having removed individuals with conflicts of interest from the applicant pool, the State Auditor shall no later than August 1 in 2010, and in each year ending in the number zero thereafter, publicize the names in the applicant pool and provide copies of their applications to the Applicant Review Panel.

(d) From the applicant pool, the Applicant Review Panel shall select 60 of the most qualified applicants, including 20 who are registered with the largest political party in California based on registration, 20 who are registered with the second largest political party in California based on registration, and 20 who are not registered with either of the two largest political parties in California based on registration. These subpools shall be created on the basis of relevant analytical skills, ability to be impartial, and appreciation for California's diverse demographics and geography. The members of the panel shall not communicate with any State Board of Equalization member, Senator, Assembly Member, congressional member, or their representatives, about any matter related to the nomination process or applicants prior to the presentation by the panel of the pool of recommended applicants to the Secretary of the Senate and the Chief Clerk of the Assembly.

(e) By October 1 in 2010, and in each year ending in the number zero thereafter, the Applicant Review Panel shall present its pool of recommended applicants to the Secretary of the Senate and the Chief Clerk of the Assembly. No later than November 15 in 2010, and in each year ending in the number zero thereafter, the President pro Tempore of the Senate, the Minority Floor Leader of the Senate, the Speaker of the Assembly, and the Minority Floor Leader of the Assembly may each strike up to two applicants from each subpool of 20 for a total of eight possible strikes per subpool. After all legislative leaders have exercised their strikes, the Secretary of the Senate and the Chief Clerk of the Assembly shall jointly present the pool of remaining names to the State Auditor.

(f) No later than November 20 in 2010, and in each year ending in the number zero thereafter, the State Auditor shall randomly draw eight names from the remaining pool of applicants as follows: three from the remaining subpool of applicants registered with the largest political party in California based on registration, three from the remaining subpool of applicants registered with the second largest political party in California based on registration, and two from the remaining subpool of applicants who are not registered with either of the two largest political parties in California based on registration. These eight individuals shall serve on the Citizens Redistricting Commission.

(g) No later than December 31 in 2010, and in each year ending in the number zero thereafter, the eight commissioners shall review the remaining names in the pool of applicants and appoint six applicants to the commission as follows: two from the remaining subpool of applicants registered with the largest political party in California based on registration, two from the remaining subpool of applicants registered with the second largest political party in California based on registration, and two from the remaining subpool of applicants who are not registered with either of the two largest political parties in California based on registration. The six appointees must be approved by at least five affirmative votes which must include at least two votes of commissioners registered from each of the two largest parties and one vote from a commissioner who is not affiliated with either of the two largest political parties in California. The six appointees shall be chosen to ensure the commission reflects this state's diversity, including, but not limited to, racial, ethnic, geographic, and gender diversity. However, it is not intended that formulas or specific ratios be applied for this purpose. Applicants shall also be chosen based on relevant analytical skills and ability to be impartial.

8252.5. Citizens Redistricting Commission Vacancy, Removal, Resignation, Absence.

(a) In the event of substantial neglect of duty, gross misconduct in office, or inability to discharge the duties of office, a member of the commission may be removed by the Governor with the concurrence of two-thirds of the Members of the Senate after having been served written notice and provided with an opportunity for a response. A finding of substantial neglect of duty or gross misconduct in office may result in referral to the Attorney General for criminal prosecution or the appropriate administrative agency for investigation.

(b) Any vacancy, whether created by removal, resignation, or absence, in the 14 commission positions shall be filled within the 30 days after the vacancy occurs, from the pool of applicants of the same voter registration category as the vacating nominee that was remaining as of November 20 in the year in which that pool was established. If none of those remaining applicants are available for service, the State Auditor shall fill the vacancy from a new pool created for the same voter registration category in accordance with Section 8252.

8253. Citizens Redistricting Commission Miscellaneous Provisions.

(a) The activities of the Citizens Redistricting Commission are subject to all of the following:

(1) The commission shall comply with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2), or its successor. The commission shall provide not less than 14 days' public notice for each meeting, except that meetings held in September in the year ending in the number one may be held with three days' notice.

(2) The records of the commission pertaining to redistricting and all data considered by the commission are public records that will be posted in a manner that ensures immediate and widespread public access.

(3) Commission members and staff may not communicate with or receive communications about redistricting matters from anyone outside of a public hearing. This paragraph does not prohibit communication between commission members, staff, legal counsel, and consultants retained by the commission that is otherwise permitted by the Bagley-Keene Open Meeting Act or its successor outside of a public hearing.

(4) The commission shall select by the voting process prescribed in paragraph (5) of subdivision (c) of Section 2 of Article XXI of the California Constitution one of their members to serve as the chair and one to serve as vice chair. The chair and vice chair shall not be of the same party.

(5) The commission shall hire commission staff, legal counsel, and consultants as needed. The commission shall establish clear criteria for the hiring and removal of these individuals, communication protocols, and a code of conduct. The commission shall apply the conflicts of interest listed in paragraph (2) of subdivision (a) of Section 8252 to the hiring of staff to the extent applicable. The Secretary of State shall provide support functions to the commission until its staff and office are fully functional. Any individual employed by the commission shall be exempt from the civil service requirements of Article VII of the California Constitution. The commission shall require that at least one of the legal counsel hired by the commission has demonstrated extensive experience and expertise in implementation and enforcement of the federal Voting Rights Act of 1965 (42 U.S.C. Sec. 1971 and following). The commission shall make hiring, removal, or contracting decisions on staff, legal counsel, and consultants by nine or more affirmative votes including at least three votes of members registered from each of the two largest parties and three votes from members who are not registered with either of the two largest political parties in California.

(6) Notwithstanding any other provision of law, no employer shall discharge, threaten to discharge, intimidate, coerce, or retaliate against any employee by reason of such employee's attendance or scheduled attendance at any meeting of the commission.

(7) The commission shall establish and implement an open hearing process for public input and deliberation that shall be subject to public notice and promoted through a thorough outreach program to solicit broad public participation in the redistricting public review process. The hearing process shall include hearings to receive public input before the commission draws any maps and hearings following the drawing and display of any commission maps. In addition, hearings shall be supplemented with other activities as appropriate to further increase opportunities for the public to observe and participate in the review process. The commission shall display the maps for public comment in a manner designed to achieve the widest public access reasonably possible. Public comment shall be taken for at least 14 days from the date of public display of any map.

(b) The Legislature shall take all steps necessary to ensure that a complete and accurate computerized database is available for redistricting, and that procedures are in place to provide the public ready access to redistricting data and computer software for drawing maps. Upon the commission's formation and until its dissolution, the Legislature shall coordinate these efforts with the commission.

8253.5. Citizens Redistricting Commission Compensation.

Members of the commission shall be compensated at the rate of three hundred dollars ($300) for each day the member is engaged in commission business. For each succeeding commission, the rate of compensation shall be adjusted in each year ending in nine by the cumulative change in the California Consumer Price Index, or its successor. Members of the panel and the commission are eligible for reimbursement of personal expenses incurred in connection with the duties performed pursuant to this act. A member's residence is deemed to be the member's post of duty for purposes of reimbursement of expenses.

8253.6. Citizens Redistricting Commission Budget, Fiscal Oversight.

(a) In 2009, and in each year ending in nine thereafter, the Governor shall include in the Governor's Budget submitted to the Legislature pursuant to Section 12 of Article IV of the California Constitution amounts of funding for the State Auditor, the Citizens Redistricting Commission, and the Secretary of State that are sufficient to meet the estimated expenses of each of those officers or entities in implementing the redistricting process required by this act for a three-year period, including, but not limited to, adequate funding for a statewide outreach program to solicit broad public participation in the redistricting process. The Governor shall also make adequate office space available for the operation of the commission. The Legislature shall make the necessary appropriation in the Budget Act, and the appropriation shall be available during the entire three-year period. The appropriation made shall be equal to the greater of three million dollars ($3,000,000), or the amount expended pursuant to this subdivision in the immediately proceeding redistricting process, as each amount is adjusted by the cumulative change in the California Consumer Price Index, or its successor, since the date of the immediately preceding appropriation made pursuant to this subdivision. The Legislature may make additional appropriations

~~in any year in which it determines that the commission requires additional funding in order to fulfill its duties.~~

~~(b) The commission, with fiscal oversight from the Department of Finance or its successor, shall have procurement and contracting authority and may hire staff and consultants, exempt from the civil service requirements of Article VII of the California Constitution, for the purposes of this act, including legal representation.~~

SECTION 6. Conflicting Ballot Propositions.

(a) In the event that this measure and another measure(s) relating to the redistricting of Senate, Assembly, Congressional, or Board of Equalization districts are approved by a majority of voters at the same election, and this measure receives a greater number of affirmative votes than any other such measure(s), this measure shall control in its entirety and the other measure(s) shall be rendered void and without any legal effect. If this measure is approved by a majority of the voters but does not receive a greater number of affirmative votes than the other measure(s), this measure shall take effect to the extent permitted by law.

(b) If any provisions of this measure are superseded by the provisions of any other conflicting measure approved by the voters and receiving a greater number of affirmative votes at the same election, and the conflicting measure is subsequently held to be invalid, the provisions of this measure shall be self-executing and given full force of law.

SECTION 7. Severability.

The provisions of this act are severable. If any provision of this act or its application is held to be invalid, that invalidity shall not affect any other provisions or applications that can be given effect without the invalid provision or application.

Large Print and Audio Voter Information Guides

The Secretary of State provides the Official Voter Information Guide in large-print and audio formats for people who are visually impaired in English, Chinese, Japanese, Korean, Spanish, Tagalog, and Vietnamese.

To order the large-print or audio-cassette version of the Official Voter Information Guide, go to *www.sos.ca.gov/elections/elections_vig_altformats.htm* or call the Secretary of State's toll-free Voter Hotline at (800) 345-VOTE (8683).

For a downloadable audio MP3 version of the Official Voter Information Guide, go to *www.voterguide.sos.ca.gov/audio*.

Find Your Polling Place

Polling place locations are coordinated by county elections offices. Your polling place will be listed on the back cover of your county sample ballot booklet.

Many county elections offices offer polling place look-up assistance via websites or toll-free phone numbers. For more information, visit the Secretary of State's website at *www.sos.ca.gov/elections/elections_d.htm* or call the toll-free Voter Hotline at (800) 345-VOTE (8683).

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

Provisional ballots are ballots cast by voters who:

- Believe they are registered to vote even though their names do not appear on the official voter registration list;
- Believe the official voter registration list incorrectly lists their political party affiliation; or
- Vote by mail but cannot locate their vote-by-mail ballot and instead want to vote at a polling place.

Your provisional ballot will be counted after county elections officials have confirmed that you are registered to vote and did not vote elsewhere in that same election. The poll worker can give you information about how to check that your provisional ballot was counted and, if it was not counted, the reason why.

(Note: If you moved to your new address after October 18, 2010, you may vote at your old polling place.)

Earn Money and Make a Difference . . . Serve as a Poll Worker on Election Day!

In addition to gaining first-hand experience with the tools of our democracy, poll workers can earn extra money for their valuable service on Election Day.

You can serve as a poll worker if you are:

- A registered voter, or
- A high school student who:
  - is a United States citizen;
  - is at least 16 years old at the time of service;
  - has a grade point average of at least 2.5; and
  - is in good standing at a public or private school.

Contact your county elections office, or call (800) 345-VOTE (8683), for more information on becoming a poll worker.

If you are a state government employee, you can take time off work, without losing pay, to serve as a poll worker if you provide adequate notice to your department and your supervisor approves the request.

Voter Registration Information

Registering to vote is simple and free. Registration forms are available online at *www.sos.ca.gov* and at most post offices, libraries, city and county government offices, and the California Secretary of State's Office. You also may have a registration form mailed to you by calling your county elections office or the Secretary of State's toll-free Voter Hotline at (800) 345-VOTE (8683).

To register to vote you must be a U.S. citizen, a California resident, at least 18 years of age on Election Day, not in prison or on parole for the conviction of a felony, and not judged by a court to be mentally incompetent.

You are responsible for updating your voter registration information. You should update your voter registration if you change your home address, change your mailing address, change your name, or want to change or select a political party.

Note: If you moved to your new address after October 18, 2010, you may vote at your old polling place.

COUNTY ELECTIONS OFFICES

ALAMEDA COUNTY
1225 Fallon Street, Room G-1
Oakland, CA 94612
(510) 272-6933 or (510) 272-6973
www.acgov.org/rov

ALPINE COUNTY
99 Water Street
P.O. Box 158
Markleeville, CA 96120
(530) 694-2281
www.alpinecountyca.gov

AMADOR COUNTY
810 Court Street
Jackson, CA 95642
(209) 223-6465
www.co.amador.ca.us/index.aspx?page=77

BUTTE COUNTY
25 County Center Drive, Suite 110
Oroville, CA 95965
(530) 538-7761
http://clerk-recorder.buttecounty.net

CALAVERAS COUNTY
891 Mountain Ranch Road
San Andreas, CA 95249
(209) 754-6376
www.co.calaveras.ca.us

COLUSA COUNTY
546 Jay Street, Suite 200
Colusa, CA 95932
(530) 458-0500
www.colusacountyclerk.com

CONTRA COSTA COUNTY
555 Escobar Street
P.O. Box 271
Martinez, CA 94553
(925) 335-7800
www.cocovote.us

DEL NORTE COUNTY
981 H Street, Suite 160
Crescent City, CA 95531
(707) 465-0383
www.dnco.org

EL DORADO COUNTY
2850 Fairlane Court
P.O. Box 678001
Placerville, CA 95667
(530) 621-7480 or (800) 730-4322
www.edcgov.us/elections

FRESNO COUNTY
2221 Kern Street
Fresno, CA 93722
(559) 600-VOTE
www.co.fresno.ca.us/elections

GLENN COUNTY
516 W. Sycamore Street, 2nd Floor
Willows, CA 95988
(530) 934-6414
www.countyofglenn.net/elections

HUMBOLDT COUNTY
3033 H Street, Room 20
Eureka, CA 95501
(707) 445-7678 or (707) 445-7481
www.co.humboldt.ca.us/election

IMPERIAL COUNTY
940 Main Street, Suite 202
El Centro, CA 92251
(760) 482-4226 or (760) 482-4201
www.co.imperial.ca.us

INYO COUNTY
168 N. Edwards Street
P.O. Drawer F
Independence, CA 93526
(760) 878-0224
www.inyocounty.us/Recorder/Clerk-Recorder.html

KERN COUNTY
1115 Truxtun Avenue, 1st Floor
Bakersfield, CA 93301
(661) 868-3590 or (800) 452-8683
www.co.kern.ca.us/elections/

KINGS COUNTY
1400 W. Lacey Blvd.
Hanford, CA 93230
(559) 582-3211 ext. 4401
www.countyofkings.com

LAKE COUNTY
255 N. Forbes Street, Room 209
Lakeport, CA 95453-4748
(707) 263-2372
www.co.lake.ca.us

LASSEN COUNTY
220 S. Lassen Street, Suite 5
Susanville, CA 96130
(530) 251-8217
http://www.lassencounty.org/govt/dept/county_clerk/registrar/Elections.asp

LOS ANGELES COUNTY
12400 Imperial Highway
Norwalk, CA 90650-8350
(800) 481-8683 or (562) 466-1310
www.lavote.net

MADERA COUNTY
200 W. 4th Street
Madera, CA 93637
(559) 675-7720
www.madera-county.com

MARIN COUNTY
3501 Civic Center Drive, Room 121
San Rafael, CA 94903
P.O. Box E
San Rafael, CA 94913
(415) 499-6456
www.marinvotes.org

MARIPOSA COUNTY
4982 10th Street
P.O. Box 247
Mariposa, CA 95338
(209) 966-2007
www.mariposacounty.org/index.aspx?nid=87

MENDOCINO COUNTY
501 Low Gap Road, Room 1020
Ukiah, CA 95482
(707) 463-4371 or (707) 463-4372
www.co.mendocino.ca.us

MERCED COUNTY
2222 M Street, Room 14
Merced, CA 95340
(209) 385-7541
www.mercedelections.org

MODOC COUNTY
204 S. Court Street
Alturas, CA 96101
(530) 233-6205

MONO COUNTY
74 School Street, Annex I
P.O. Box 237
Bridgeport, CA 93517
(760) 932-5537 or (760) 932-5534
www.monocounty.ca.gov

MONTEREY COUNTY
1370 B South Main Street
Salinas, CA 93901
(831) 796-1499 or (866) 887-9274
www.montereycountyelections.us

NAPA COUNTY
900 Coombs Street, #256
Napa, CA 94559
(707) 253-4321 or (707) 253-4374
www.countyofnapa.org

NEVADA COUNTY
950 Maidu Avenue
Nevada City, CA 95959
(530) 265-1298
www.mynevadacounty.com/elections

ORANGE COUNTY
1300 S. Grand Avenue, Building C
Santa Ana, CA 92705
P.O. Box 11298
Santa Ana, CA 92711
(714) 567-7606
www.ocvote.com

PLACER COUNTY
2956 Richardson Drive
P.O. Box 5278
Auburn, CA 95603
(530) 886-5650 or (800) 824-8683
www.placerelections.com

PLUMAS COUNTY
520 Main Street, Room 102
Quincy, CA 95971
(530) 283-6256 or (530) 283-6129
www.countyofplumas.com

RIVERSIDE COUNTY
2724 Gateway Drive
Riverside, CA 92507
(951) 486-7200 or
(800) 773-VOTE (8683)
www.voteinfo.net

SACRAMENTO COUNTY
7000 65th Street, Suite A
Sacramento, CA 95823
(916) 875-6451
www.elections.saccounty.net

SAN BENITO COUNTY
440 Fifth Street, Room 206
Hollister, CA 95023-3843
(831) 636-4016
www.sbcvote.us

SAN BERNARDINO COUNTY
777 E. Rialto Avenue
San Bernardino, CA 92415-0770
(909) 387-8300 or (800) 881-8683
www.sbcrov.com

SAN DIEGO COUNTY
5201 Ruffin Road, Suite I
San Diego, CA 92123
P.O. Box 85656
San Diego, CA 92186
(858) 565-5800
www.sdvote.com

SAN FRANCISCO COUNTY
City Hall
1 Dr. Carlton B. Goodlett Place #48
San Francisco, CA 94102
(415) 554-4375
www.sfelections.org

SAN JOAQUIN COUNTY
44 N. San Joaquin Street, Suite 350
Stockton, CA 95209
P.O. Box 810
Stockton, CA 95201
(209) 468-2885 or (209) 468-2890
www.sjcrov.org

SAN LUIS OBISPO COUNTY
1055 Monterey Street, D120
San Luis Obispo, CA 93408
(805) 781-5228 or (805) 781-5080
www.slocounty.ca.gov/clerk

SAN MATEO COUNTY
40 Tower Road
San Mateo, CA 94402
(650) 312-5222
www.shapethefuture.org

SANTA BARBARA COUNTY
4440-A Calle Real
P.O. Box 61510
Santa Barbara, CA 93160-1510
(800) SBC-VOTE or
(805) 568-2200
www.sbcvote.com

SANTA CLARA COUNTY
1555 Berger Drive, Bldg. 2
P.O. Box 611360
San Jose, CA 95161
(408) 282-3005
www.sccvote.org

SANTA CRUZ COUNTY
701 Ocean Street, Room 210
Santa Cruz, CA 95060
(831) 454-2060
www.votescount.com

SHASTA COUNTY
1643 Market Street
Redding, CA 96001
P.O. Box 990880
Redding, CA 96099-0880
(530) 225-5730
www.elections.co.shasta.ca.us

SIERRA COUNTY
100 Courthouse Square, Room 111
P.O. Drawer D
Downieville, CA 95936
(530) 289-3295
www.sierracounty.ws

SISKIYOU COUNTY
510 N. Main Street
Yreka, CA 96097
(530) 842-8084
www.co.siskiyou.ca.us

SOLANO COUNTY
675 Texas Street, Suite 2600
Fairfield, CA 94533
(707) 784-6675
www.solanocounty.com/depts/rov/

SONOMA COUNTY
435 Fiscal Drive
Santa Rosa, CA 95403
P.O. Box 11485
Santa Rosa, CA 95406-1485
(707) 565-6800 or (800) 750-VOTE
www.sonoma-county.org/regvoter

STANISLAUS COUNTY
1021 I Street
Modesto, CA 95354
(209) 525-5200 or
(209) 525-5230 (Spanish)
www.stanvote.com

SUTTER COUNTY
1435 Veterans Memorial Circle
Yuba City, CA 95993
(530) 822-7122
www.suttercounty.org/elections

TEHAMA COUNTY
444 Oak Street, Room C
P.O. Box 250
Red Bluff, CA 96080
(530) 527-8190 or (866) 289-5307
www.co.tehama.ca.us

TRINITY COUNTY
11 Court Street
P.O. Box 1215
Weaverville, CA 96093
(530) 623-1220
www.trinitycounty.org

TULARE COUNTY
5951 S. Mooney Blvd.
Visalia, CA 93277
(559) 624-7300
www.tularecoelections.org

TUOLUMNE COUNTY
2 South Green Street
Sonora, CA 95370
(209) 533-5552
www.tuolumnecounty.ca.gov

VENTURA COUNTY
800 S. Victoria Avenue
Ventura, CA 93009-1200
(805) 654-2700
recorder.countyofventura.org/elections.htm

YOLO COUNTY
625 Court Street, Room B05
Woodland, CA 95695
P.O. Box 1820
Woodland, CA 95776
(530) 666-8133 or (800) 649-9943
www.yoloelections.org

YUBA COUNTY
915 8th Street, Suite 107
Marysville, CA 95901-5273
(530) 749-7855
http://elections.co.yuba.ca.us

Voting by Mail

You may return your voted vote-by-mail ballot by:

1. Mailing it to your county elections office;
2. Returning it in person to any polling place or elections office within your county on Election Day; or
3. Authorizing a legally allowable third party (spouse, child, parent, grandparent, grandchild, brother, sister, or a person residing in the same household as you) to return the ballot on your behalf to any polling place or elections office within your county on Election Day.

In any case, your vote-by-mail ballot *must be received by the time polls close at 8:00 p.m. on Election Day.* Late-arriving vote-by-mail ballots cannot be counted.

All valid vote-by-mail ballots are counted and included in the official election results. Elections officials have 28 days to complete this process, referred to as the "official canvass," and must report the results to the Secretary of State 31 days after the date of the election.

Special Arrangements for Military and Overseas Voters

Federal law allows United States citizens serving in the military or living overseas to register for and vote using special absentee ballot procedures. To qualify as a "special absentee voter," you must be:

- An active duty member of the military (Army, Navy, Air Force, Marine Corps and Coast Guard) or other uniformed service;
- A spouse or dependent of a member of the military;
- A member of the Merchant Marine; or
- A civilian U.S. citizen living outside the United States.

You can register to vote and complete a special absentee ballot application at *www.fvap.gov*.

For more information about registering to vote as a special absentee voter, go to *www.sos.ca.gov/elections/elections_mov.htm*.

As a special absentee voter, you can fax or mail your ballot to your county elections office. If you fax your voted ballot, you must also include an "Oath of Voter" form that waives your right to a confidential vote. All ballots must be received by the county elections office before the polls close at 8:00 p.m. (PST) on Election Day. Postmarks do not count.

If you are recalled to military service less than seven days before Election Day, you can go to the elections office in the county to which you are recalled and apply for an absentee ballot.

Contact information for all 58 California county elections offices is at *www.sos.ca.gov/elections/elections_d.htm*.

VOTER BILL OF RIGHTS

1. You have the right to cast a ballot if you are a valid registered voter.

   A valid registered voter means a United States citizen who is a resident in this state, who is at least 18 years of age and not in prison or on parole for conviction of a felony, and who is registered to vote at his or her current residence address.
2. You have the right to cast a provisional ballot if your name is not listed on the voting rolls.
3. You have the right to cast a ballot if you are present and in line at the polling place prior to the close of the polls.
4. You have the right to cast a secret ballot free from intimidation.
5. You have the right to receive a new ballot if, prior to casting your ballot, you believe you made a mistake.

   If at any time before you finally cast your ballot, you feel you have made a mistake, you have the right to exchange the spoiled ballot for a new ballot. Vote-by-mail voters may also request and receive a new ballot if they return their spoiled ballot to an elections official prior to the closing of the polls on election day.
6. You have the right to receive assistance in casting your ballot, if you are unable to vote without assistance.
7. You have the right to return a completed vote-by-mail ballot to any precinct in the county.
8. You have the right to election materials in another language, if there are sufficient residents in your precinct to warrant production.
9. You have the right to ask questions about election procedures and observe the election process.

   You have the right to ask questions of the precinct board and elections officials regarding election procedures and to receive an answer or be directed to the appropriate official for an answer. However, if persistent questioning disrupts the execution of their duties, the board or election officials may discontinue responding to questions.
10. You have the right to report any illegal or fraudulent activity to a local elections official or to the Secretary of State's Office.

If you believe you have been denied any of these rights,
or you are aware of any election fraud or misconduct, please call the
Secretary of State's confidential toll-free Voter Hotline at (800) 345-VOTE (8683).

Information on your voter registration affidavit will be used by elections officials to send you official information on the voting process, such as the location of your polling place and the issues and candidates that will appear on the ballot. Commercial use of voter registration information is prohibited by law and is a misdemeanor. Voter information may be provided to a candidate for office, a ballot measure committee, or other person for election, scholarly, journalistic, political, or governmental purposes, as determined by the Secretary of State. Driver license and social security numbers, or your signature as shown on your voter registration card, cannot be released for these purposes. If you have any questions about the use of voter information or wish to report suspected misuse of such information, please call the Secretary of State's Voter Hotline at (800) 345-VOTE (8683).

Certain voters facing life-threatening situations may qualify for confidential voter status. For more information, please contact the Secretary of State's Safe at Home program toll-free at (877) 322-5227 or visit the Secretary of State's website at *www.sos.ca.gov*.

California Secretary of State
Elections Division
1500 11th Street
Sacramento, CA 95814

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OFFICIAL VOTER INFORMATION GUIDE

Remember to vote!
Tuesday, November 2, 2010
Polls are open from 7:00 a.m. to 8:00 p.m.

Monday, October 18, 2010
Last day to register to vote

For additional copies of the Voter Information Guide in any of the following languages, please contact your county elections office or call:

English	(800) 345-VOTE (8683)
Español/Spanish	(800) 232-VOTA (8682)
日本語 **/Japanese**	(800) 339-2865
Việt ngữ **/Vietnamese**	(800) 339-8163
Tagalog	(800) 339-2957
中文**/Chinese**	(800) 339-2857
한국어**/Korean**	(866) 575-1558
TDD	(800) 833-8683

To reduce election costs, the State mails only one guide to each voting household.

OSP 10 119702