

South Bay Cities Council of Governments

May 24, 2018

TO: SBCCOG Board of Directors

FROM: SBCCOG Steering Committee

RE: June 2018 Statewide Ballot Propositions

Adherence to the Strategic Plan

GOAL B: Regional Advocacy. Advocate for the interests of the South Bay.

There are 4 ballot propositions on the June ballot – #68 to 72. Below is a summary of each proposition.

Proposition 68 – California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018.

\$4 billion General obligation bond – for state and local parks, environmental protection and restoration projects, water infrastructure projects, and flood protection projects. Assuming a 3.5 percent interest rate over a 30-year period, the bond issue would generate \$2.53 billion in interest, meaning the state would spend \$6.53 billion to pay off the bond issue.

The measure would require that between 15 and 20 percent of the bond’s funds, depending on the type of project, be dedicated to projects in communities with median household incomes less than 60 percent of the statewide average; that 60 percent threshold amounted to about \$39,980 in 2016. The largest amount of bond revenue—\$725 million—would go toward neighborhood parks in *park-poor neighborhoods* in accordance with the Statewide Park Development and Community Revitalization Act of 2008's competitive grant program. The measure would also reallocate \$100 million in unissued bonds that voters approved via [Proposition 1](#) (2014), [Proposition 84](#)(2006), and [Proposition 40](#) (2002). A chart of the distribution of the earmarked revenues is as follows:

\$725 million	creation and expansion of safe neighborhood parks in <i>park-poor neighborhoods</i>
\$350 million	flood protection facilities, levee improvements, and related investments that protect persons and property from flood damage in the Central Valley
\$290 million	drought and groundwater investments, including groundwater recharge with surface water, stormwater, and recycled water and projects to prevent contamination of groundwater sources of drinking water
\$250 million	clean drinking water and drought programs

\$218 million	restoration and preservation of existing state park facilities
\$200 million	per capita grants to local governments for the improvement of local parks
\$200 million	Natural Resources Agency to implement agreements for water quality, water supply, and watershed protection projects
\$180 million	state conservancies
\$175 million	projects related to ocean, bay, and coastal protection
\$170 million	restoration activities identified in the Salton Sea Management Program Phase I
\$162 million	grants to conservancies and programs to protect urban creeks and streams
\$137 million	Wildlife Conservation Board to provide regional conservation investment strategies, conservation plans, funds for the UC Natural Reserve System, and to improve national recreation areas serving urbanized areas
\$100 million	programs to prevent damages from stormwater, mudslides, and flash floods
\$100 million	competitive grants for multibenefit projects in urbanized areas to address flooding, including stormwater capture and reuse, low-impact development planning, urban watershed restoration, and permeable surfaces
\$80 million	competitive grants for groundwater cleanup of contaminated drinking water sources

\$60 million	improvement of wildlife and fish passage
\$60 million	protection and restoration of upper watershed lands in the Sierra Nevada and Cascade Mountains that improve water supply and quality
\$60 million	competitive grants to protect natural, cultural, historic, and Native American resources; covert retired fossil fuel powerplant sites for open space, parks, or tourism; science centers; civic and athletic venues; cultural centers that recognize that contributions of the state's ethnic communities; and nonprofit aquariums
\$50 million	Department of Fish and Wildlife to address deferred maintenance
\$50 million	projects that provide ecological restoration of forests, including projects to reduce fire risk
\$40 million	grants to local jurisdictions whose voters passed local measures between 2012 and 2018 to improve local or regional park infrastructure
\$40 million	projects to assist coastal communities with adaptation to climate change, including projects that address ocean acidification, sea level rise, or habitat restoration
\$40 million	California Conservation Corps to rehabilitate state and local parks and restore watersheds
\$30 million	grants to regional park districts, counties, open-space districts, joint powers authorities, and eligible nonprofit organizations to restore and improve parks
\$30 million	grants to local agencies, state conservancies, Native American tribes, joint powers authorities, and nonprofit organizations to promote new or alternative access to parks, waterways, outdoor recreation, and natural environments
\$30 million	Salton Sea Authority to provide air quality and habitat projects

\$30 million	protection and restoration of habitat associated with the Pacific Flyway
\$30 million	Department of Fish and Wildlife to improve conditions for fish and wildlife in streams, rivers, wildlife refuges, wetland habitat areas, and estuaries
\$30 million	projects on farms and ranches to sequester carbon, improve habitat, reduce development pressures, and increase water absorption and retention
\$25 million	competitive grants to rural areas for recreational projects to support economic and health-related goals
\$25 million	stream restoration to benefit fisheries and wildlife
\$18 million	Wildlife Conservation Board to provide wildlife corridors and open space, improve threatened and endangered species habitat, improve adaptation and resilience of natural systems to climate change, protect and improve existing open-space corridors and trail linkages, provide wildlife rehabilitation facilities, control invasive plants or insects, improve aquatic or riparian habitat, provide projects to benefit salmon and steelhead, provide hunting and wildlife-dependent recreational opportunities through agreements with private landowners
\$15 million	grants to cities and districts in urbanized counties with populations of 200,000 or less that provide park and recreation services

Proposition 69 – Motor vehicle fees and taxes: restriction on expenditures: appropriations limit

Legislatively referred constitutional amendment

Proposition 69 was part of a legislative package that included [Senate Bill 1 \(SB 1\)](#). [Road Repair and Accountability Act of 2017](#), enacted an estimated **\$5.2 billion-a-year increase** in transportation-related taxes and fees, including a \$0.12 cents per gallon increase of the gasoline excise tax, a \$0.20 cents per gallon increase of the diesel excise tax, a 4 percentage points increase of the diesel sales tax, an annual \$25 to \$100 Transportation Improvement Fee, and an annual \$100 zero-emission vehicles fee.

Proposition 69 would require that revenue from the diesel sales tax and Transportation Improvement Fee (TIF) be dedicated for transportation-related purposes. As of 2018, the [state constitution](#) prohibited the legislature from using gasoline excise tax revenue or diesel excise tax revenue for general non-transportation purposes. The amendment would require the diesel sales

tax revenue to be deposited into the Public Transportation Account, which was designed to distribute funds for mass transportation and rail systems. Proposition 69 would require the TIF revenue be spent on public streets and highways and public transportation systems. Although SB 1 requires revenue from the zero-emission vehicles fee to be placed in the Road Maintenance and Rehabilitation Account, Proposition 69 does not contain a provision creating a constitutional mandate for zero-emission vehicles fee revenue.

Proposition 69 would make revenue from SB 1's tax increases and fee schedules exempt from the [state appropriations limit](#), also known as the [Gann Limit](#). In other words, the revenue would not count toward the limit. The Gann Limit prohibits the state government and local governments from spending revenue in excess of per-person government spending in fiscal year 1978-1979, with an adjustment allowed for changes in the cost-of-living and population. Amendments were made to the Gann Limit in 1988 and 1990, modifying the formula and requiring half of the excess revenue to be distributed to public education and the other half to taxpayer rebates. Rejecting the constitutional amendment would make SB 1's revenue subject to the Gann Limit. As of 2018, the Gann Limit had been exceeded just once in 1987.

Proposition 70 – Greenhouse Gas Reduction Reserve Fund

Legislatively referred constitutional amendment

Proposition 70 would require a one-time two-thirds vote in each chamber of the California State Legislature to use revenue from the State Air Resources Board's auctioning or sale of greenhouse gas emissions allowances under the state's cap-and-trade program. To make sure no revenue is spent without the two-thirds vote, the measure would place all revenue from the cap-and-trade program in a Greenhouse Gas Reduction Reserve Fund beginning on January 1, 2024. The vote would take place anytime on or after January 1, 2024. Revenue would collect in this reserve fund until the one-time two-thirds vote occurred. If legislators failed to secure a two-thirds vote, revenue would keep collecting in the reserve fund and the state would be unable to spend the revenue. Between January 1, 2024, and the passage of the spending bill, the measure would also suspend a sales tax exemption for manufacturers, increasing tax revenue about \$260 million per year. If legislators succeed at securing a two-thirds vote, revenue would begin to fill the non-reserve Greenhouse Gas Reduction Fund, which requires a simple majority vote to use funds from.

Proposition 71 – Ballot measures: effective date

Legislatively referred constitutional amendment

Heading into 2018, voter-approved ballot propositions went into effect on the day following the election date, unless the ballot proposition's language specified a different date. Proposition 71 would move the effective date of ballot propositions to the fifth day after the [secretary of state](#) certifies election results, rather than the day after the election. As of 2018, the secretary of state was required to certify election results no later than the 38th day after the election.

For example, when voters approved [Proposition 64](#) on [November 8, 2016](#), the recreational use of marijuana became legal under state law on November 9, 2016. If Proposition 64 was approved under the process outlined by this 2018 ballot measure, the recreational use of marijuana would have become legal on December 17, 2016.

Proposition 72 – Property tax: new construction exclusion: rain water capture system

Legislatively referred constitutional amendment

Proposition 72 would allow the [California State Legislature](#) to exclude rainwater capture systems added to properties after January 1, 2019, from counting as new construction. When a property owner adds new construction to his or her property, the new construction is assessed for taxable value. Adding a rainwater capture system to one's property counts as a new construction. As the ballot measure would exclude rainwater capture systems from the definition of new construction, the taxable value of a property would not increase because the property owner added a rainwater capture system. Legislation associated with Proposition 72 would define rainwater capture systems as facilities designed to capture, retain, and store rainwater flowing off rooftops or other manmade aboveground hard surfaces for onsite use.

The League of California Cities is supporting Propositions 68, 69 & 72. They have no position on 70 or 71.

RECOMMENDATION

The Steering Committee recommends that the Board of Directors support Propositions 68, 69 and take no position on Propositions 70, 71 and 72.