

South Bay Cities Council of Governments

April 26, 2018

TO: SBCCOG Board of Directors

FROM: 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.^[1]

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).

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.^{[2][3]}

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.^{[1][2]}

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](#).^[1] 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.^[4]

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.^{[1][2][3]}

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.^[1] 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.^[2]

POSITION OF THE LEAGUE OF CALIFORNIA CITIES

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

STEERING COMMITTEE RECOMMENDATION

That the Board of Directors support Propositions 68, 69 and take no position on Propositions 70, 71 and 72.