

## **2014 November Ballot Measures Review**

The League has taken positions on four of the six ballot measures on the 2014 November 4<sup>th</sup> general election ballot.

The following contains descriptions of the six ballot measures that will appear on your ballot in November.

### **Proposition 1: Water Quality, Supply, and Infrastructure Improvement Act of 2014**

Upon approval of voters, Prop. 1 would provide a total of \$7.545 billion in bond funding for water related projects such as water conservation, groundwater recharge, stormwater capture and reuse/Clean Water Act Compliance, watershed restoration, water storage and conveyance and water recycling and reuse. The \$7.545 billion in funding would come from the issuance of \$7.12 billion in new general obligation (GO) bonds and the reallocation of \$425 million in existing bond funds previously approved by voters.

Funding for water projects would be subject to the following breakdown:

#### **Clean, Safe, and Reliable Drinking Water: \$520 million**

- \$260 million deposit in the State Water Pollution Control Revolving Fund Small Community Grant Fund for grants for wastewater treatment projects. Priority shall be given to projects that serve disadvantaged communities and severely disadvantaged communities, and to projects that address public health hazards.
- \$260 million for grants and loans for public water system infrastructure improvements to meet safe drinking water standards, ensure affordable drinking water, or both. Priority shall be given to projects that provide treatment for contamination or access to an alternate drinking water source or sources for small community water systems or state small water systems in disadvantaged communities whose drinking water source is impaired by chemical and nitrate contaminants and other health hazards.

#### **Protecting River, Lakes, Streams, Coastal Waters, and Watersheds: \$1.495 billion**

- \*\$327.5 million for Conservancies to fund projects that restore, enhance, and protect watersheds.
- \*\$100 million to protect and enhance urban creeks.
- \*\$20 million shall be made available for a competitive program to fund multi-benefit watershed and urban rivers enhancement projects in urban watersheds that increase regional and local water self-sufficiency and that meet at least two of the following objectives:
  - Promote groundwater recharge and water reuse.
  - Reduce energy consumption.
  - Use soils, plants, and natural processes to treat runoff.
  - Create or restore native habitat.
  - Increase regional and local resiliency and adaptability to climate change.
  - At least 25 percent of the funds available pursuant to this section shall be allocated for projects that benefit disadvantaged communities. Up to 10 percent of the funds available pursuant to this section may be allocated for project planning.
- \$87 million to the Department of Fish and Wildlife for water quality, ecosystem restoration, and fish protection facilities that benefit the Delta.

#### **Regional Water Security, Climate, and Drought Preparedness: \$810 million**

- \*\$510 million for hydrologic regions identified in the Water Action Plan for regional self-reliance security; grants and loans for projects included in an IRWM plan.
- \*\$100 million for grants and loans for water conservation and efficiency plans, projects, and programs.

- \*\$200 million for grants for multi-benefit stormwater management projects.

### **Statewide Water System Operational Improvement and Drought Preparedness: \$2.7 billion**

- \*\$2.7 billion for surface and subsurface water storage.
- \*Funds are continuously appropriated.

### **Water Recycling: \$725 million**

- \*\$725 million for grants and loans for water recycling and advanced treatment projects.

### **Groundwater Sustainability: \$900 million**

- \*\$720 million for competitive grants, and loans for, projects to prevent or clean up the contamination of groundwater that serves or has served as a source of drinking water. Funds may also be used for projects necessary to protect public health by preventing or reducing the contamination of groundwater that serves or has served as a major source of drinking water for a community.
- \*\$80 million for grants for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water.
- \*\$100 million of grants for projects that develop and implement groundwater plans.

### **Flood Management: \$395 million**

- \$295 million to reduce the risk of levee failure and flood in the Delta.

\* Indicates consistency with League water bond priorities.

### **League Position: Support**

Many of the funding provisions outlined in Prop. 1 are consistent with water bond priorities developed by the League's Water Bond Task Force. The League supports this bipartisan proposal because it would provide financial support to help local communities provide reliable and clean drinking water.

### **Proposition 2: Rainy Day Budget Stabilization Fund Act**

The measure establishes new state budget reserve fund requirements and policies and was approved by the Legislature on May 15, 2014, with strong bipartisan support. In conjunction with this action, the Legislature removed ACA 4 of 2009 from the November ballot, a previously adopted state reserve fund proposal that had not yet been submitted to the voters.

Specifically, the measure:

- Requires 1.5 percent of general fund (GF) revenues to be placed annually into a reserve fund called the Budget Stabilization Account (BSA). Caps the reserve at no more than 10 percent of GF revenues, and requires any additional contributions to be spent on infrastructure.
- Directs 50 percent of funds, that would have otherwise been deposited into the BSA to pay down any of the following through FY 2029-2030:
  - Previous Prop. 98 school obligations;
  - Previous budgetary loans;
  - Local mandates owed pre FY 2004-05; or
  - Supplemental payments to reduce pension and benefit liabilities.
- Allows for budget reserve withdrawals or deposit suspensions following a gubernatorial finding of a "budget emergency."
- Creates a Prop. 98 reserve where capital gains revenues exceeding 8 percent of GF revenues (that are allocated to the Prop. 98 guarantee) can be placed into a reserve fund. Increases in funding related to

capital gains would be retained for future years of decline. Deposits would be made after required increases in enrollment growth and cost-of-living and once the current maintenance factor was paid.

### **League Position: Support**

The League believes Prop. 44 will bring more stability to the state's finances and supports the measure's key principles of fiscal discipline, debt repayment and saving in preparation for the next economic downturn.

### **Proposition 45: Healthcare Insurance. Rate Changes.**

Under current law, the California Insurance Commissioner has authority to review health insurance rate changes and determine if the proposed changes are reasonable.

Prop. 45 would augment this authority and require that rate changes to individual and small-group health insurance plans be justified by the health insurer and submitted to the Insurance Commissioner for approval prior to taking effect. The measure also prohibits health, auto and home insurance companies from using a person's credit or prior insurance coverage history to determine eligibility or rates.

### **League Position: No Position**

### **Proposition 46: Troy and Alana Pack Patient Safety Act of 2014**

In response to ever-increasing medical liability costs, the Governor signed the Medical Injury Compensation Reform Act (MICRA) in 1975 to cap medical malpractice damages. Under MICRA, noneconomic damages (pain and suffering, emotional distress) are capped at \$250,000, while economic damages (medical costs, lost wages, and lifetime earning potential) are unlimited. Prop. 46 seeks to repeal the cap and increase the state's medical malpractice damage limits. The nonpartisan Legislative Analyst Office (LAO) predicts that state and local government health care costs would increase "likely ranging from the tens of millions of dollars to several hundred million dollars annually" if the cap were to increase as proposed.

Specifically, the measure:

- Adjusts the current \$250,000 cap on noneconomic damages for inflation, which, according to LAO, would bring the new cap to \$1.1 million;
- Requires reporting of suspected physician drug or alcohol impairment or failure to follow appropriate standard of care;
- Requires hospitals to conduct alcohol and drug testing on physicians; and
- Requires health care practitioners and pharmacists to consult the Controlled Substance Utilization and Review Evaluation System (CURES). CURES are an electronic monitoring system for the prescribing and dispensing of specific controlled substances. It is monitored by the California State Department of Justice and is intended to curb prescription drug abuse.

### **League Position: Oppose**

While the measure contains other provisions of undeniable merit, the League opposes the significant cost increases local governments may incur due to increased medical liability costs resulting from repealing the MICRA cap.

### **Proposition 47: Safe Neighborhoods and Schools Act**

This measure seeks to enact the significant changes in sentencing policy and direct any resulting state savings to support mental health and substance abuse treatment (65 percent), truancy and drop-out prevention (25 percent), and victim services (10 percent). Specifically, the measure would:

- Reduce sentencing penalties for specified non-serious and non-violent drug and property crimes. Specifically, it would direct that the following offenses be treated as misdemeanors, in most instances irrespective of the circumstances:
  - Commercial Burglary
    - Entering a commercial establishment during business hours with intent to commit larceny of property not exceeding \$950 will no longer be deemed commercial burglary. Instead, it will be defined as shoplifting, which is a misdemeanor.
  - Forgery
    - Under current law, forgery can be charged as a felony or misdemeanor (known as a “wobbler”) but Prop. 47 will re-define it to be a misdemeanor if the defendant is forging a financial instrument that does not exceed \$950.00 in value. As drafted, Prop. 47 would provide that even if the person has forged multiple documents whose total value exceeded \$950.00, that individual could only be charged with a misdemeanor, so long as no individual financial instrument exceeded the threshold.
  - Passing Bad Checks
    - Current law provides that the current threshold for felony prosecution for this offense is \$450.00, but Prop. 47 would increase this threshold to \$950.00. Current law provides that one prior conviction of this offense would trigger a felony charge on the second offense; but Prop. 47 requires three prior convictions for similar offenses.
  - Grand Theft
    - The provisions pertaining to grand theft will reduce the theft of all personal property, including all but the most exotic handguns, to a misdemeanor, ushering in a major change in current criminal justice policy. Prop. 47 states that all theft of property less than \$950.00 in value shall be a misdemeanor offense.
  - Receipt of Stolen Property
    - Under current law, receipt of stolen property is a felony/misdemeanor wobbler, with district attorneys granted discretion on how to charge the offense if the value of the property did not exceed \$950.00 — however Prop. 47 defines all such cases under \$950.00 to be misdemeanors.
  - Petty Theft with a Prior Offense
    - Under current law, a defendant with more than three prior offenses for theft could be charged with a felony if charged with the offense a fourth time. Under Prop. 47, felony penalties only apply if the person had been previously convicted of a serious or violent felony and had a theft-related related prior.
  - Drug Possession
    - Under Prop. 47, all drug possession cases will be reduced to misdemeanors. District attorneys would be stripped of discretion about whether to charge such offenses as felonies. This provision does not distinguish between “simple possession” and “possession for sale” — despite the fact that there can be a quantum difference in the amounts of a controlled substance involved between those two offenses. Prop. 47 makes no distinction based on the nature of the controlled substance, so it would impose misdemeanor penalties even for possession of significant quantities of substances such as methamphetamine, or for possession of ketamine or GHB, both known to be date-rape drugs.
- Allow certain offenders previously convicted of the above crimes to apply for reduced sentences. This is expected to result in the release of an estimated 10,000 inmates. Newly sentenced offenders in the affected categories would be sentenced to county jails, many of which are already at capacity or overcrowded due to the implementation of 2011’s AB 109, Public Safety Realignment.

**League Position: Oppose**

By reclassifying a series of what are felony or felony/misdemeanor offenses as outright misdemeanors, this measure will trigger significant public safety policy changes with respect to crimes such as theft of firearms and drug possession, including the possession of date-rape drugs. As drafted, it appears to be quite broad and treats nearly all instances of specified offenses with the same general rule, in a fashion that may not promote

public safety. In addition, it will likely lead to changes in the prison inmate population, the county jail population, and what is known as the population of AB 109 offenders who are in and out of county jails.

**Proposition 48 Indian Gaming Compacts.**

In June 2013, the Legislature passed AB 277, which approves gaming compacts between the state and the North Fork Rancheria of Mono Indians and the Wiyot Tribe. Under the State Constitution, enacted legislation can generally be placed before voters as a referendum to determine whether it can go into effect. This proposition is a referendum on AB 277. If voters approve Proposition 48, the gaming compacts between the state and the two tribes would go into effect.

A **YES** vote on this measure means: The state's compacts with the North Fork Rancheria of Mono Indians and the Wiyot Tribe would go into effect. As a result, North Fork would be able to construct and operate a new casino in Madera County and would be required to make various payments to state and local governments, Wiyot, and other tribes.

**League Position: No Position**