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OFFICE OF
LABOR RELATIONS

CITY OF SACRAMENTO
CALIFORNIA

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SACRAMENTO, CA
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January 22, 2002

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Law and Legislation Committee
Sacramento, CA

Honorable Members In Session:

SUBJECT: Support of Measure F, SCERS Amendment, on March 2002 Ballot

LOCATION/COUNCIL DISTRICT:

City-wide

RECOMMENDATION:

It is recommended that the Law and Legislation Committee and, subsequently, the City Council support the proposed Measure F on the March 2002 ballot. The measure would amend the City Charter to permit the enhancement of retirement benefits for active and retired members of Sacramento City Employees Retirement System (SCERS) and concurrent enhancement of health and welfare benefits for retired members of the California Public Employees Retirement System (PERS).

CONTACT PERSON:

Dee Contreras, Director of Labor Relations, 264-5424

FOR COUNCIL MEETING OF:

February 5, 2002

SUMMARY:

During the 2000/2001 labor negotiations, PERS retirement benefits were enhanced to the 2% at age 55 formula with the benefit calculated on the employee's single highest year of compensation. After the completion of main table negotiations with each union, the City met with and agreed with all recognized employee organizations to a ballot measure which allow the SCERS incumbents to receive a similar benefit, increase the contribution for all City retirees and support the parties' continuing efforts in medical premium cost containment. A recommendation to support the ballot measure portion of the agreement is before you now.

BACKGROUND INFORMATION:

The ballot measure was approved for placement on the ballot on December 18, 2001 and would amend the City Charter as follows:

1. Increase the SCERS formula for active employees to one-year highest final compensation.
2. Allow the City to access the excess funding in the SCERS Plan in priority order as follows:
 - A. To fund retiree health insurance contributions as defined in the labor agreements.
 - B. To recover City administrative costs related to retirement.
 - C. To recover retirement-related benefits, including City-paid member retirement contributions and retiree insurance contributions, for all City employees.
 - D. After retention of a prudent reserve equal to the greater of the annual payment to retirees and beneficiaries or the actual annual income, to authorize the City Council use of up to one-half of excess funds for any appropriate public purpose.
3. Authorize the City Council to amend the SCERS formula to the PERS formula if an improved age and years of service formula is implemented for PERS incumbents.
4. Authorize City pick-up of any portion of employee contribution to SCERS.

FINANCIAL CONSIDERATIONS:

The present value cost of future payments over the life of the retirement system for amending the Plan to one-year highest compensation is approximately \$5,000,000, which represents approximately one percent of total assets of the SCERS Plan. The SCERS Plan has excess funding of approximately \$69,000,000 as of June 30, 2001. The funding status of the Plan is determined annually by actuarial valuation and any use of such excess funds is limited so that the balance is not reduced to create an unfunded liability in the Plan.

ENVIRONMENTAL CONSIDERATIONS:

Not applicable

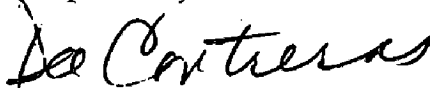
POLICY CONSIDERATIONS:

Support for Measure F will affirm City support for both active SCERS employees by enhancing their retirement benefits, and retirees of both SCERS and PERS by enhancing retiree insurance contributions. It will serve to make the City more competitive in recruitment and retention of employees while maintaining the integrity and funding of the SCERS Plan.

ESBD CONSIDERATIONS:

Not applicable.

Respectfully submitted,



Dee Contreras

Director of Labor Relations

RECOMMENDATION APPROVED:



Betty Masuoka

Assistant City Manager

Attachments

City of Sacramento MEASURE F

Shall the provisions of the Charter of the City of Sacramento that govern the Sacramento City Employees Retirement System be amended to change the definition of "final compensation" from a three year average to a single highest paid year formula; to allow employer payment of required employee contributions; to allow the City Council to change the age and years of service formula by ordinance; to allow the City Council to appropriate "Excess Funding" in the system to other specified municipal public purposes; and to allow the City Council to enact ordinances to clarify or implement these amendments?

IMPARTIAL ANALYSIS OF MEASURE F

Prepared by Sacramento City Attorney

This measure amends the City Charter in three general ways by enacting: (i) improvements to the benefits payable under the Sacramento City Employees Retirement System ("SCERS") to system members who retire after the effective date of the measure; (ii) changes which allow city use of excess SCERS funding, as defined, for certain specified limited purposes; and (iii) minor conforming amendments to various SCERS charter provisions.

The SCERS benefit improvements are: (i) "final compensation" of a retiring member is changed from an average computed over the member's three highest paid consecutive years to the twelve highest paid consecutive months; (ii) a provision is added to allow employer payment of the member's required normal SCERS contributions; and (iii) a provision is added to allow the City Council by ordinance to enact conforming changes to SCERS benefit provisions in the event that amendments are adopted to the age and years of service formula under the city's contract with the Public Employees Retirement System. The measure authorizes the City Council to enact ordinances to implement or clarify each of these charter amendments.

The measure would add new provisions which require SCERS' actuaries to annually determine whether there exists excess SCERS funding, defined as SCERS assets in excess of its liabilities. The actuaries would be required to report their findings to the SCERS Administration, Investment and Fiscal Management Board ("AIFM Board"), which would then by resolution determine whether excess funding exists. The AIFM Board would have exclusive jurisdiction to make this determination, which when made would be final.

If and to the extent that excess funding exists, the City Council would be authorized to appropriate the excess funding in priority order to: (i) fund city-paid retiree health insurance contributions; (ii) recover city-paid SCERS administration costs, as defined; (iii) reimburse the city for its payment of certain specified retirement-related benefits; and (iv) use 50% of the remaining excess funding to fund other city projects having a public purpose, but only after retention of a prudent reserve, as defined, within SCERS. The measure authorizes the City Council to enact ordinances to implement or clarify these charter amendments.

Finally, the measure would enact minor, non-substantive conforming amendments to certain other sections of the City Charter relating to SCERS.

ARGUMENT IN FAVOR OF MEASURE F

Voting Yes on Measure F will change the City Charter to allow for surplus retirement funds to be utilized for retirees' health benefits and financial relief of the City's General Fund. A portion of the surplus fund could then be used to ensure that we have adequate police and fire services and our parks and libraries are properly maintained.

In 1976 changes to the City's retirement system closed the Sacramento City Employees Retirement System (SCERS) to existing city employees, and established that future employees would be in the California Public Employees Retirement System (PERS).

The SCERS retirement plan continues to cover 1400 retirees and over 300 city employees. The SCERS plan is currently running a surplus in excess of \$68,000,000! Under the current City charter, this surplus cannot be used for any purposes other than maintaining the retirement plan.

Measure F requires that the retirement surplus is available to reimburse the City for health benefits costs for all retirees and covers retirement-related administrative costs.

Measure F requires the City to maintain a prudent reserve to safeguard the financial stability of the retirement fund.

Measure F allows the City to use half of any remaining excess funds for City projects with a public purpose after the set aside of the reserve.

Measure F involves no tax increase and no cost to the taxpayer. It is a "win-win" situation for the citizens of Sacramento and its retired employees.

Measure F gives the City the necessary tools to use the surplus funds to offset the costs of needed services.

Vote Yes On Measure F!

Donald E. Sperling, President, Sacramento Retired City Employees Association
Heather Fargo, Mayor, City of Sacramento
Michael D. Johnson, Sacramento Area Fire Fighters
Darrell Steinberg, Assemblyman
Michael Teel, President & CEO, Raleys, Inc.

NO ARGUMENT AGAINST MEASURE F WAS FILED



2.5

DEPARTMENT OF
FINANCE

CITY OF SACRAMENTO
CALIFORNIA

BUDGET AND POLICY REVIEW

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January 22, 2002

Law and Legislation Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: MARCH BALLOT PROPOSITIONS

LOCATION: Citywide

RECOMMENDATION:

This report recommends the Law and Legislation Committee review and recommend for City Council approval of staff's recommended positions on six state propositions.

CONTACT PERSON: Aaron B. Chong, Budget and Policy Review Office, 264-6762

FOR COUNCIL MEETING OF: February 5, 2002

SUMMARY

On January 15, 2002, staff indicated to the Law and Legislation Committee of the City Council that staff was reviewing the 6 ballot measure appearing on the March 2002 Ballot Propositions.

Staff has completed reviewing all six ballot propositions. This report provides recommendations by staff on the six ballot measures.

The ballot measures are:

- Proposition 40** The California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002.
- Proposition 41** Voting Modernization Bond Act of 2002
- Proposition 42** Transportation Congestion Improvement Act, Allocation of Existing Motor Vehicle Fuel Sales and Use Tax Revenues for Transportation Purposes
- Proposition 43** Right to Have Vote Counted
- Proposition 44** Chiropractors, Unprofessional Conduct
- Proposition 45** Legislative Term Limits, Local Voter Petitions

Staff recommends the Committee support Propositions 40, 41 and 42, and take no position on Propositions 43, 44 and 45.

BACKGROUND INFORMATION:

On January 15, 2002, staff indicated to the Law and Legislation Committee of the City Council that staff was reviewing the 6 ballot measure appearing on the March 2002 Ballot Propositions.

In making its recommendations to the Law and Legislation Committee on whether to support, oppose or take no position on the various ballot measures, staff considered whether the measures would affect the operations of the City. If the measure would have no direct effect on the City's operations, staff recommended a neutral position.

Staff has prepared a short description of the ballot measure, the recommendation by the League of California Cities, and finally the proposed City of Sacramento's recommendation.

The City Attorney's office prepared summaries of the six ballot measures on the March 2002 ballot. The memorandum provided by the City Attorney's office is attached to this report as "**Attachment I**".

A copy of the actual text of the six propositions is attached as "**Attachment II**".

Staff is providing a report on the propositions:

- Proposition 40** The California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002
- Proposition 41** Voting Modernization Bond Act of 2002
- Proposition 42** Transportation Congestion Improvement Act, Allocation of Existing Motor Vehicle Fuel Sales and Use Tax Revenues for Transportation Purposes
- Proposition 43** Right to Have Vote Counted
- Proposition 44** Chiropractors, Unprofessional Conduct
- Proposition 45** Legislative Term Limits, Local Voter Petitions

Proposition 40 The California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002.

Proposition 40 would authorize the State to sell \$2,600,000,000 in general obligation bonds to conserve natural resources (land, air, and water) to acquire and improve state and local parks, and to preserve historical and cultural resources. The cost of Proposition 40 is approximately \$4.3 billion over 25 years to pay off both the principal and interest of the bond.

A portion of the bond money could be available for expenditure by various state agencies and for grants to local public agencies for park acquisition and development, including the City of Sacramento.

Proposition 40 authorizes the State to sell general obligation bonds totaling \$2.6 billion to be allocated as follows:

I. Parks and Historical Resources: \$1.325 billion

A. State Parks:

\$225 million, of which no more than 50 percent may be used for acquisition. States intent of Legislature to give priority to development and restoration projects.

B. Local Assistance Programs:

\$832.5 million, of which \$372.5 million will be spent by the State Department of Parks and Recreation on a per capita basis, \$200 million will be spent according to the Roberti-Z'berg-Harris Open-Space and Recreation Act for urban parks and recreational facilities, and \$260 million for grants to under-served communities. Not less than \$50 million of the funds allocated to under-served communities shall be expended on a competitive grant basis. Priority is assigned to projects that come with matching grants.

C. Historical and Cultural Resources Preservation:

\$267.5 million for acquisition, development, and preservation of buildings, places, and artifacts that are culturally significant to California's history.

II. Land, Air and Water Conservation: \$1.275 billion

D. Conservancies: \$445 million divided as follows (in millions):

- (1) Coastal: \$200
- (2) San Francisco Bay Area: \$40
- (3) Tahoe: \$40
- (4) Santa Monica Mountains: \$40
- (5) San Joaquin River: \$25
- (6) Baldwin Hills: \$40
- (7) San Gabriel River and Lower Los Angeles River: \$40
- (8) Coachella Valley: \$20

E. Wildlife Conservation Board:

\$300 million to promote the protection of habitat for threatened and endangered species and protect significant natural landscapes and ecosystems.

- F. Protection of Water Ways:
\$375 million, of which \$75 million will be used for protection of urban streams and development of river parkways, and \$300 million shall be spent on protection of beaches, watershed protection, and water pollution prevention.
- G. Conservation Corps:
\$20 million, of which \$5 million shall be used for resource conservation districts, and \$15 million shall be for local conservation corps to acquire and develop facilities to support local conservation corps.
- H. Air Resources Board:
\$50 million to support projects that reduce air pollution in state and local parks. Five percent cap on administrative costs.
- I. Urban Forestry:
\$10 million to the State Department of Forestry and Fire Protection for grants in support of urban forestry programs.
- J. Agricultural Land Preservation:
\$75 million for grants to preserve agricultural land.

Staff recommends the Committee **support** the bill.

The League of California Cities **supports** the measure.

Proposition 41 Voting Modernization Bond Act of 2002 (Shelley Hertsberg Act)

Proposition 41 would ensure that every person's vote is accurately counted. It would authorize the issuance of \$200,000,000 of state bonds to purchase modern voting equipment and replace outdated punch card (chad) systems. The money raised from the bond sales would assist any county in the purchase of new voting equipment that is of prescored punch card voting systems which are ineligible for funding.

The cost of Proposition 41 is approximately \$255,000,000 over ten years to pay off both the principal and interest of the bond. The Legislative Analyst has indicated that the measure would result in additional costs to counties that receive bond funds. First, the counties would incur one-time matching costs of about \$67 million statewide. Second, counties would also incur additional ongoing costs to operate, maintain, and store the new equipment, and to train staff and voters on how to use the new machines.

The Secretary of State has decertified the equipment currently being used. The County has to be in position with the new equipment in order to conduct elections.

Although this measure does not necessarily impact the City directly, it certainly does indirectly since the City contracts with the County Election Department to conduct our elections in conjunction with the regular Presidential, Gubernatorial Primary and General elections every two years.

Any of the new equipment on the market is costly. Although the County of Sacramento owns and operates all voting machines utilized by the City of Sacramento during elections, these new machines would modernize election equipment and reduce errors that can disqualify ballots of city residents.

Staff recommends the Committee **support** Proposition 41.

The League of California Cities **supports** the measure.

Proposition 42 Transportation Congestion Improvement Act .

Proposition 42 requires, effective July 2003, existing revenues from state sales and use taxes on sale of motor vehicle fuel be used for transportation purposes as provided by law until June 30, 2008. The measure would also require existing revenues resulting from state sales and use taxes on sale of motor vehicle fuel be used on public and mass transit; city and county street and road repairs and improvements; storm damage repair conducted by cities; and state highway improvements.

The Legislative Analyst has estimated that starting in FY 2008-09, about \$1.4 billion in gas sales tax revenues would continue to be used for state and local transportation purposes.

The proposal would allocate the revenues as follows:

- ☐ 20% to public transportation
- ☐ 40% to transportation improvement projects funded in the State Transportation Improvement Program (STIP), a five –year transportation capital investment program.
- ☐ 20% to city streets and roads improvement; and
- ☐ 20% to county street and road improvement.

The City of Sacramento receives approximately \$ 654,000 annually from state gas sales tax revenues for road maintenance. Current sales tax on the gasoline for maintenance of City of Sacramento roads is scheduled to end in June 2006.

Staff recommends the Committee **support** this measure.

The League **supports** this measure.

Proposition 43 Right to Have Vote Counted (Legislative Constitutional Amendment)

Proposition 43 amends the California State Constitution to declare that a voter who casts a vote in an election in accord with California law shall have that vote counted. Proposition 43 would make effective a law that allows courts to extend post-election deadlines that prevent the proper counting of votes.

Proposition 43 would have no direct operational or budgetary effect on the City of Sacramento operations. Staff recommends that the Committee take **no position** on this measure.

The League recommended **no position** on this measure.

Proposition 44 Chiropractors, Unprofessional Conduct (Legislative Initiative Amendment)

The measure amends the Chiropractic Act to provide that, unless otherwise authorized, the employment of runners, cappers, steerers, and other persons to procure patients constitutes unprofessional conduct. It amends the Chiropractic Act to require revocation of a chiropractor's license to practice for 10 years upon the second conviction, or multiple convictions, of specified insurance fraud offenses. The measure also amends the act to require the State Board of Chiropractic Examiners to investigate any licensee who is the subject of specified charges unless the district attorney objects to the investigation.

Proposition 44 would have no direct operational nor budgetary effect on the City of Sacramento operations.

Staff recommends that the Committee take **no position** on this measure.

The League recommended **no position** on this measure.

Proposition 45 Legislative Term Limits, Local Voter Petitions – (Initiative Constitutional Amendment).

This measure allows registered voters in legislative districts to submit petition signatures to permit their incumbent state legislator to run for re-election and to serve for a maximum of four years beyond the presently allowed two four-year terms for State Senators and three two-year terms for members of the Assembly, if a majority of the voters approve.

The option can be exercised only once per legislator. The legislator can run under the option only in the district where the legislator currently serves. Petitions must be filed before the end of legislator's final term and provides for signature verification. The petition would have to be signed by registered voters residing in the legislator's district, equal in number to 20% of the ballots cast for that office in the last general election.

Proposition 45 would have no direct operational nor budgetary effect on the City of Sacramento operations.

Staff recommends that the Committee take **no position** on this measure.

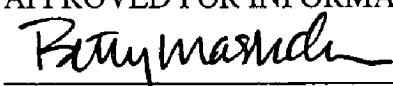
The League recommended **no position** on this measure.

Respectfully submitted,



Aaron B. Chong,
Budget and Policy Review Office

APPROVED FOR INFORMATION:



BETTY MASUOKA
Assistant City Manager

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

Resolution Supporting State Propositions 40, 41, and 42 On the March 5, 2002 Ballot

WHEREAS, the City Council of the City of Sacramento discussed the recommended position for State Proposition 40, the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002, and

WHEREAS, Proposition 40 will provide for a bond issue of two billion six hundred million dollars (\$2,600,000,000) to provide funds to: protect rivers, lakes, and streams to improve water quality and ensure clean drinking water; protect beaches and coastal areas threatened by pollution; improve air quality; preserve open space and farmland threatened by unplanned development; protect wildlife habitat; restore historical and cultural resources; repair and improve safety of state and neighborhood parks, and

WHEREAS, Proposition 40 would help provide funds to City of Sacramento park, open space, and other projects, and

WHEREAS, the City Council of the City of Sacramento discussed the recommended position for State Proposition 41, the Voting Modernization Bond Act of 2002, otherwise known as the Shelly-Hertzberg Act, and

WHEREAS, Proposition 41 will ensure that every person's vote is accurately counted, and authorizes the issuance of state bonds allowing counties to purchase modern voting equipment and replace outdated punch card (chad) systems, and

WHEREAS, the County of Sacramento owns and operates all voting machines utilized by the City of Sacramento during elections, these new machines would modernize election equipment and reduce errors that can disqualify ballots of city residents.

WHEREAS, the City Council of the City of Sacramento discussed the recommended position for State Proposition 42, the Transportation Congestion Improvement Act, Allocation of Existing Motor Vehicle Fuel Sales and Use Tax Revenues for Transportation Purposes Only, and

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____ **7**

WHEREAS, Proposition 42 requires, effective 7/1/03, existing revenues from state sales and use taxes on sale of motor vehicle fuel be used for transportation purposes as provided by law until 6/30/08, and requires, effective 7/1/08, existing revenues resulting from state sales and use taxes on sales of motor vehicle fuel be used for public transportation; city and county street and road repairs and improvements; and state highway improvements.

WHEREAS, Proposition 42 would help provide funds to City of Sacramento transportation projects from state gas sales tax revenues for road maintenance beyond 2008, and

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Sacramento hereby supports State Propositions 40, 41 and 42.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____ 8

March Ballot Propositions

STATE BALLOT MEASURE	DESCRIPTION OF PROPOSITION	LEAGUE OF CA CITIES POSITION	CITY OF SACRAMENTO STAFF RECOMMENDED POSITION
<p><u>Proposition 40</u></p> <p>The California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002.</p>	<p>Proposition 40 would authorize the State to sell \$2,600,000,000 in general obligation bonds to conserve natural resources (land, air, and water) to acquire and improve state and local parks, and to preserve historical and cultural resources. The cost of Proposition 40 is approximately \$4.3 billion over 25 years to pay off both the principal and interest of the bond.</p> <p>A portion of the bond money could be available for expenditure by various state agencies and for grants to local public agencies for park acquisition and development, including the City of Sacramento.</p>	<p>Support</p>	<p>Support</p>
<p><u>Proposition 41</u></p> <p>Voting Modernization Bond Act of 2002 (Shelley Hertsberg Act)</p>	<p>Proposition 41 would ensure that every person's vote is accurately counted. It would authorize the issuance of \$200,000,000 of state bonds to purchase modern voting equipment and replace outdated punch card (chad) systems. The money raised from the bond sales would assist any county in the purchase of new voting equipment that is of prescored punch card voting systems which are ineligible for funding.</p> <p>The cost of Proposition 41 is approximately \$255,000,000 over ten years to pay off both the principal and interest of the bond. The Legislative Analyst has indicated that the measure would result in additional costs to counties that receive bond funds. First, the counties would incur one-time matching costs of about \$67 million statewide. Second, counties would also incur additional ongoing costs to operate, maintain, and store the new equipment, and to train staff and voters on how to use the new machines.</p>	<p>Support</p>	<p>Support</p>

STATE BALLOT MEASURE	DESCRIPTION OF PROPOSITION	LEAGUE OF CA CITIES POSITION	CITY OF SACRAMENTO STAFF RECOMMENDED POSITION
<u>Proposition 42</u> Transportation Congestion Improvement Act, Allocation of Existing Motor Vehicle Fuel Sales and Use Tax Revenues for Transportation Purposes	Proposition 42 requires, effective July 2003, existing revenues from state sales and use taxes on sale of motor vehicle fuel be used for transportation purposes as provided by law until June 30, 2008. The measure would also require existing revenues resulting from state sales and use taxes on sale of motor vehicle fuel be used on public and mass transit; city and county street and road repairs and improvements; storm damage repair conducted by cities; and state highway improvements.	Support	Support
<u>Proposition 43</u> Right to Have Vote Counted (Legislative Constitutional Amendment)	Proposition 43 amends the California State Constitution to declare that a voter who casts a vote in an election in accord with California law shall have that vote counted. Proposition 43 would make effective a law that allows courts to extend post-election deadlines that prevent the proper counting of votes.	No Position	No Position
<u>Proposition 44</u> Chiropractors, Unprofessional Conduct (Legislative Initiative Amendment)	The measure amends the Chiropractic Act to provide that, unless otherwise authorized, the employment of runners, cappers, steerers, and other persons to procure patients constitutes unprofessional conduct. It amends the Chiropractic Act to require revocation of a chiropractor's license to practice for 10 years upon the second conviction, or multiple convictions, of specified insurance fraud offenses. The measure also amends the act to require the State Board of Chiropractic Examiners to investigate any licensee who is the subject of specified charges unless the district attorney objects to the investigation.	No Position	No Position

STATE BALLOT MEASURE	DESCRIPTION OF PROPOSITION	LEAGUE OF CA CITIES POSITION	CITY OF SACRAMENTO STAFF RECOMMENDED POSITION
<p><u>Proposition 45</u></p> <p>Legislative Term Limits, Local Voter Petitions – (Initiative Constitutional Amendment).</p>	<p>This measure allows registered voters in legislative districts to submit petition signatures to permit their incumbent state legislator to run for re-election and to serve for a maximum of four years beyond the presently allowed two four-year terms for State Senators and three two-year terms for members of the Assembly, if a majority of the voters approve.</p> <p>The option can be exercised only once per legislator. The legislator can run under the option only in the district where the legislator currently serves. Petitions must be filed before the end of legislator's final term and provides for signature verification. The petition would have to be signed by registered voters residing in the legislator's district, equal in number to 20% of the ballots cast for that office in the last general election.</p>	<p>No Position</p>	<p>No Position</p>



OFFICE OF THE
CITY ATTORNEY

CITY OF SACRAMENTO
CALIFORNIA

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January 28, 2002

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MEMORANDUM

TO: Aaron B. Chong, Office of Small Business Development

FROM: Samuel L. Jackson, City Attorney
Richard E. Archibald, Assistant City Attorney
Shana S. Faber, Senior Deputy City Attorney

RE: Revised Summary of Propositions on the March 5, 2002
General Election Ballot

The following is a more comprehensive summary of the Propositions that are on the March 5, 2002, General Election Ballot. These summaries are intended to provide you with a general overview of the propositions, rather than a detailed analysis. For a more detailed analysis of any of the propositions, please contact me.

1. **Proposition 40- Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002:**

This measure would authorize the State to sell \$2.6 billion in general obligation bonds to provide funds to protect rivers, lakes, and streams in order to improve water quality and ensure clean drinking water; protect beaches and coastal areas threatened by pollution; improve air quality; preserve open space and farmland threatened by unplanned development; protect wildlife habitat; restore historical and cultural resources; and repair and improve safety of state and neighborhood parks. The State would make principal and interest payments from the State's general fund over a period of about 25 years, at an estimated total cost of \$172 million per year for a total of \$4.3 billion. State and local governments that buy or improve property with the bond proceeds will incur additional costs to operate or manage the properties, which are estimated to be in the tens of millions of dollars on a statewide basis. These costs may be offset partly by revenues from those properties, such as state park entrance fees.

PROPOSITION

40

THE CALIFORNIA CLEAN WATER, CLEAN AIR, SAFE NEIGHBORHOOD
PARKS, AND COASTAL PROTECTION ACT OF 2002.

★ ★ ★

40

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

**THE CALIFORNIA CLEAN WATER, CLEAN AIR, SAFE NEIGHBORHOOD PARKS, AND
COASTAL PROTECTION ACT OF 2002.**

- This act provides for a bond issue of two billion six hundred million dollars (\$2,600,000,000) to provide funds to: protect rivers, lakes, and streams to improve water quality and ensure clean drinking water; protect beaches and coastal areas threatened by pollution; improve air quality; preserve open space and farmland threatened by unplanned development; protect wildlife habitat; restore historical and cultural resources; repair and improve safety of state and neighborhood parks.
- Subject to annual independent audit.
- Appropriates money from state General Fund to pay off bonds.

**SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT
FISCAL IMPACT:**

- State cost of about \$4.3 billion over 25 years to pay off both the principal (\$2.6 billion) and interest (\$1.7 billion) costs on the bonds. Payments of about \$172 million per year.
- Costs potentially in the tens of millions of dollars annually to state and local governments to operate or maintain property bought or improved with these bond funds.

FINAL VOTES CAST BY THE LEGISLATURE ON AB 1602 (PROPOSITION 40)

Assembly:	Ayes 60	Noes 8
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Senate:	Ayes 29	Noes 4
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ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

The state carries out various programs to conserve natural and cultural resources, protect the environment, and provide recreational opportunities for the public. The state also provides grants and loans to local public agencies and nonprofit associations for similar purposes.

Some of the funding for such programs has come from general obligation bond funds. General obligation bonds are backed by the state, meaning that the state is required to pay the principal and interest costs on these bonds. General Fund revenues would be used to pay these costs. These revenues come primarily from the state personal and corporate income taxes and sales tax.

Since 1980, voters have approved about \$7.6 billion of general obligation bonds to provide funding for these state and local programs as follows:

- **Bonds to Improve Water Quality and Supply.**

About \$3.8 billion in bonds have been approved for various water-related purposes, including improving the safety of drinking water, flood control, water quality, and the reliability of the water supply.

- **Bonds for Natural Resource Conservation and Recreational Opportunities.**

About \$3.8 billion in bonds have been approved to purchase, protect, and improve recreational areas (such as parks and beaches), cultural areas (such as historic buildings and museums), and natural areas (such as wilderness and open-space areas, trails, wildlife habitat, and the coast).

It is estimated that all but about \$1.2 billion of the bonds authorized by these previous bond acts will have been spent or committed to specific projects as of June 2002.

In addition, the state also carries out programs that provide grants to public agencies and private organizations for projects that reduce air pollution. These programs have been funded from various funds, including the General Fund.

PROPOSAL

This measure allows the state to sell \$2.6 billion of general obligation bonds to conserve natural resources (land, air, and water), to acquire and improve state and local parks, and to preserve historical and cultural resources.

Figure 1 summarizes the purposes for which the bond money would be used. The bond money would be available for expenditure by various state agencies and for grants to local public agencies and nonprofit associations.

FIGURE 1 CALIFORNIA CLEAN WATER, CLEAN AIR, SAFE NEIGHBORHOOD PARKS, AND COASTAL PROTECTION ACT USES OF BOND FUNDS	
(IN MILLIONS)	
	Amount
Land, Air, and Water Conservation	\$1,275.0
• State conservancies acquisition, development, and restoration projects.	445.0
• Wildlife habitat acquisition and restoration projects.	300.0
• Water quality protection and restoration activities, including protection of watersheds, coastal waters, beaches, rivers, and lakes.	300.0
• Agricultural and grazing lands preservation.	75.0
• Urban river parkways and streams development, restoration, and protection projects.	75.0
• Grants for reducing air emissions from diesel-fueled equipment operating within state and local parks.	50.0
• Land and water resource protection and restoration through the California Conservation Corps.	20.0
• Urban forestry programs.	10.0
Parks and Recreation	\$1,057.5
• Urban parks and recreational facilities acquisition and development.	460.0
• Regional and local park acquisitions and development (funds distributed based on population).	372.5
• State park improvements and acquisitions.	225.0
Historical and Cultural Resources Preservation	\$267.5
• Acquisition, development, and preservation of culturally and/or historically significant properties, structures, and artifacts.	267.5
Total	\$2,600.0

FISCAL EFFECT

Bond Costs. For these bonds, the state would make principal and interest payments from the state's General Fund over a period of about 25 years. If the bonds were sold at an interest rate of 5 percent (the current rate for this type of bond), the cost would be about \$4.3 billion to pay off both the principal (\$2.6 billion) and interest (\$1.7 billion). The average payment would be about \$172 million per year.

Operational Costs. The state and local governments that buy or improve property with these bond funds will incur additional costs to operate or manage these properties. These costs may be offset partly by revenues from those properties, such as state park entrance fees. The net additional costs (statewide) could be in the tens of millions of dollars annually.

VOTING MODERNIZATION BOND ACT OF 2002. (SHELLEY-HERTZBERG ACT).

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

VOTING MODERNIZATION BOND ACT OF 2002. (SHELLEY-HERTZBERG ACT).

- This act is to ensure that every person's vote is accurately counted.
- Authorizes the issuance of state bonds allowing counties to purchase modern voting equipment and replace outdated punch card (chad) systems.
- Provides for bonds in the amount of two hundred million dollars (\$200,000,000).
- Appropriates money from the state General Fund to pay off bonds.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT:

- State costs of about \$255 million over ten years to pay off both the principal (\$200 million) and interest (\$55 million) costs of the bonds. Payments of about \$26 million per year.
- One-time county costs of about \$67 million statewide to match state funds.
- Additional annual county operating costs for new voting systems in the several tens of millions of dollars statewide.

FINAL VOTES CAST BY THE LEGISLATURE ON AB 56 (PROPOSITION 41)

Assembly:	Ayes 71	Noes 7
Senate:	Ayes 29	Noes 8

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Under current law, counties may purchase and use any of three voting systems that have been certified by the Secretary of State for use in California elections. These voting systems are the punch card, optical scan, and direct record electronic (touch screen) systems.

Punch card systems use prescored computer punch cards upon which the voter indicates his or her vote choices by punching out the prescored holes. Optical scan machines require a voter to mark his or her selection on the ballot with a pencil or other approved marking device. Touch screen systems require a voter to select his or her options on a computer screen.

PROPOSAL

This measure allows the state to sell \$200 million in general obligation bonds for updated voting systems. The money raised from the bond sales would assist any county in the purchase of new voting equipment that is certified by the Secretary of State, with the exception of prescored punch card voting systems which are ineligible for funding.

General obligation bonds are backed by the state, meaning that the state is required to pay the principal and interest costs on these bonds. General Fund revenues would be used to pay these costs. These revenues come primarily from the state personal and corporate income taxes, and sales tax.

A new five-member Voting Modernization Board (Board) created by the measure, would consider applications and award the bond monies to counties for the purchase of new voting equipment that meet the

required specifications. The measure specifies that the Board shall consist of two members appointed by the Secretary of State and three members appointed by the Governor.

In order to receive bond monies, a county must contribute one dollar of county funds for every three dollars of bond monies.

FISCAL EFFECT

State Bond Costs. For these bonds, the state would make principal and interest payments from the state's General Fund over a period of about ten years. If the bonds are sold at an interest rate of 5 percent (the current rate for this type of bond), the cost would be about \$255 million to pay off both the principal (\$200 million) and the interest (\$55 million). The average payment would be about \$26 million per year.

Cost to Counties. The measure would result in additional costs to counties that receive bond funds. First, the counties would incur one-time matching fund costs of about \$67 million statewide. Second, counties would also incur additional ongoing costs to operate, maintain, and store the new voting equipment, and to train staff and voters on how to use the new machines. The magnitude of these additional costs will vary among counties depending on the number of voters and the difference in operating costs between a county's current voting system and the new voting system. The additional annual operating costs could be in the several tens of millions of dollars on a statewide basis.



**TRANSPORTATION CONGESTION IMPROVEMENT ACT.
ALLOCATION OF EXISTING MOTOR VEHICLE FUEL SALES AND
USE TAX REVENUES FOR TRANSPORTATION PURPOSES ONLY.
LEGISLATIVE CONSTITUTIONAL AMENDMENT.**

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

**TRANSPORTATION CONGESTION IMPROVEMENT ACT. ALLOCATION OF EXISTING MOTOR VEHICLE
FUEL SALES AND USE TAX REVENUES FOR TRANSPORTATION PURPOSES ONLY.
LEGISLATIVE CONSTITUTIONAL AMENDMENT.**

- Requires, effective 7/1/03, existing revenues from state sales and use taxes on sale of motor vehicle fuel be used for transportation purposes as provided by law until 6/30/08.
- Requires, effective 7/1/08, existing revenues resulting from state sales and use taxes on sale of motor vehicle fuel be used for public transportation; city and county street and road repairs and improvements; and state highway improvements.
- Requires two-thirds vote of the Legislature to suspend or modify percentage allocations of revenues.

**SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT
FISCAL IMPACT:**

- Starting in 2008–09, about \$1.4 billion in gasoline sales tax revenues, increasing annually thereafter, would continue to be used for state and local transportation purposes.

FINAL VOTES CAST BY THE LEGISLATURE ON ACA 4 (PROPOSITION 42)

Assembly:	Ayes 68	Noes 2
Senate:	Ayes 36	Noes 1

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

California spends over \$15 billion annually to maintain, operate, and improve its highways, streets and roads, rail, and transit systems. About half of these revenues come from the local level in the form of local sales and property taxes and transit fares. The remainder comes from the state and federal levels, largely as motor fuel (gasoline) and diesel fuel taxes and truck weight fees.

Currently, the state levies two types of taxes on gasoline and diesel fuel:

- An excise tax of 18 cents on each gallon of gasoline and diesel fuel.
- A sales tax on the sales of gasoline and diesel fuel. The statewide rate is 5.75 percent through 2001. This rate will change to 6 percent on January 1, 2002.

Revenues from the state excise tax on gasoline and diesel fuel used on public roads total about \$3 billion a year. These revenues are dedicated to transportation purposes.

Revenues from most of the state sales tax on diesel fuel—4.75 percent out of the statewide rate—are also used for transportation. However, most of the revenues from the state sales tax on gasoline have historically been used for various general purposes, including education, health, social services, corrections, and local government fiscal relief. Only a small portion of the state gasoline sales tax revenues have been used for transportation.

In 2000, the Transportation Congestion Relief Program (TCRP) was enacted in California. Under the program, gasoline sales tax revenues will be used from 2003–04 through 2007–08 for specified transportation purposes including highways, streets and roads, and transit improvements. Thereafter, these revenues will be available for various general state purposes.

PROPOSAL

This measure places in the State Constitution those provisions of current law that require that, from 2003–04 through 2007–08, gasoline sales tax revenues be used for specified state and local transportation purposes. The revenues would be allocated for transportation purposes specified under the TCRP.

In addition, the measure requires that starting in 2008–09 the gasoline sales tax revenues continue to be used for state and local transportation purposes. The revenues would be allocated as follows:

- 20 percent to public transportation.
- 40 percent to transportation improvement projects funded in the State Transportation Improvement Program, a five-year transportation capital investment program.
- 40 percent to local streets and roads improvements; with half of the amount (20 percent) allocated to counties and half to cities.

The measure authorizes the Legislature to modify this distribution of the revenues with a two-thirds vote. The measure also provides that the use of these revenues for transportation purposes can be suspended under specified conditions.

FISCAL EFFECT

The measure places in the State Constitution those provisions of current law that require the use of state gasoline sales tax revenues for state and local transportation purposes from 2003–04 through 2007–08. Consequently, for that period, the measure would have no additional fiscal impact.

Beginning in 2008–09, the measure requires that state gasoline sales tax revenues continue to be used for transportation purposes in the future. The amount that would be used is projected to be about \$1.4 billion in 2008–09, increasing annually thereafter, depending on increases in gasoline prices and consumption.

PROPOSITION

43



**RIGHT TO HAVE VOTE COUNTED.
LEGISLATIVE CONSTITUTIONAL AMENDMENT.**

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

**RIGHT TO HAVE VOTE COUNTED.
LEGISLATIVE CONSTITUTIONAL AMENDMENT.**

- This measure amends the California Constitution to declare that a voter who casts a vote in an election in accord with the laws of this state shall have that vote counted.

**SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT
FISCAL IMPACT:**

- No additional cost to state or local governments.

FINAL VOTES CAST BY THE LEGISLATURE ON ACA 9 (PROPOSITION 43)

Assembly:	Ayes 79	Noes 0
Senate:	Ayes 39	Noes 0

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

The State Constitution establishes a system of voter registration and elections for United States citizens at least 18 years of age who reside in the state. However, it does not explicitly guarantee the right of the voter to have his/her vote counted. The procedures, requirements, and deadlines for counting votes are set forth in the California Elections Code.

PROPOSAL

This measure amends the Constitution to explicitly state that every vote cast in accordance with state law shall be counted, thus affirming in the Constitution the right of the voter to have his/her vote counted.

In addition, Chapter 919, Statutes of 2001 (Assembly Bill 733, Longville) would explicitly place in state law the existing authority of county elections officials to petition the Superior Court for an extension of any post-election deadline to permit the tabulation or recounting of ballots and the authority of the court to grant such a petition. However, the operation of Chapter 919 depends on voter approval of Proposition 43.

FISCAL EFFECT

This measure would not result in additional costs to the state or local governments.

CHIROPRACTORS. UNPROFESSIONAL CONDUCT. LEGISLATIVE INITIATIVE AMENDMENT.

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

CHIROPRACTORS. UNPROFESSIONAL CONDUCT. LEGISLATIVE INITIATIVE AMENDMENT.

- Amends Chiropractic Act to provide that, unless otherwise authorized, the employment of runners, cappers, steerers, or other persons to procure patients constitutes unprofessional conduct.
- Amends Chiropractic Act to require revocation of a chiropractor's license to practice for ten years upon the second conviction, or multiple convictions, of specified insurance fraud offenses.
- Amends Chiropractic Act to require the State Board of Chiropractic Examiners to investigate any licensee who is the subject of specified charges unless the district attorney objects to the investigation.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT:

- Negligible additional state costs to implement the measure's provisions.
- Potential state savings, of an unknown amount, in lower workers' compensation and Medi-Cal costs.

FINAL VOTES CAST BY THE LEGISLATURE ON SB 1988 (PROPOSITION 44)

Assembly:	Ayes 63	Noes 13
Senate:	Ayes 40	Noes 0

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

The Chiropractic Act is a law that was adopted by the voters. Changes to the act require voter approval. Under the act, the Board of Chiropractic Examiners licenses and regulates chiropractors who practice in California. The board may impose discipline including license revocation for various acts of misconduct. The act makes it a misdemeanor for a person to violate its provisions. Conviction of a violation is subject to a fine or imprisonment in county jail, or both a fine and imprisonment.

Currently, there are about 15,000 licensed chiropractors in the state.

PROPOSAL

This measure requires the Board of Chiropractic Examiners to revoke for ten years the license of a chiropractor who is convicted for a second time, or is convicted of multiple counts in a single case, of various specified offenses, including insurance fraud. After the ten-year period, the chiropractor may apply to the board to reinstate his or her license. Currently, the board has discretion over which punishment to assess for the offenses covered by this measure. This punishment may or may not result in license revocation.

The measure further requires the board to investigate any licensed chiropractor who has been criminally charged with committing insurance fraud, if the district attorney does not object to the investigation. The measure also includes as "unprofessional conduct" the hiring of "runners" or other persons by chiropractors to procure patients, except as this practice is allowed by law.

This measure's provisions currently apply to doctors.

FISCAL EFFECT

The Board of Chiropractic Examiners currently investigates all cases in which a criminal charge has been filed alleging insurance fraud by a licensed chiropractor, where the district attorney does not object. As a result, any additional costs to implement this measure would be negligible.

To the extent that the license revocation and investigation provisions of this measure act as a deterrent and reduce insurance fraud committed by chiropractors, there could be savings, of an unknown amount, to the state in lower workers' compensation and Medi-Cal costs.

44

**LEGISLATIVE TERM LIMITS. LOCAL VOTER PETITIONS.
INITIATIVE CONSTITUTIONAL AMENDMENT.**

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

**LEGISLATIVE TERM LIMITS. LOCAL VOTER PETITIONS.
INITIATIVE CONSTITUTIONAL AMENDMENT.**

- Allows registered voters in legislative districts to submit petition signatures to permit their incumbent legislator to run for re-election and to serve for a maximum of four years beyond the presently allowed two four-year terms for State Senators and three two-year terms for members of the Assembly, if a majority of voters approves.
- Option can be exercised only once per legislator.
- Legislator can run under option only in district where legislator currently serves.
- Petitions must be filed before the end of legislator's final term.
- Provides for signature verification.

**SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT
FISCAL IMPACT:**

- Counties would incur unknown costs to verify petition signatures, potentially up to several hundreds of thousands of dollars every other year on a statewide basis.
- The state would incur little or no costs to track the eligibility of re-election candidates.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

In 1990, California voters approved Proposition 140, a state constitutional amendment that limited the number of terms that an elected state official can serve in the same office. As regards the Legislature, Proposition 140 limited Members of the Assembly to three two-year terms and Members of the Senate to two four-year terms. A legislator who has served his/her maximum number of terms in an office is considered "termed-out" and is ineligible for reelection.

PROPOSAL

This measure allows local voters to petition the Secretary of State to permit their incumbent Senator or Assembly Member who is termed-out to run for reelection to that same office at the next election or elections (in the case of the Assembly), thereby allowing the legislator to serve up to an additional four

years in office. The petition would have to be signed by registered voters residing in the legislator's district, equal in number to 20 percent of the ballots cast for that office in the last general election. The voter petition can be used only one time to place the name of the incumbent Senator or Assembly Member on the ballot for reelection. If local voters petition in such a manner, a Senator could serve a maximum of three four-year terms and an Assembly Member a maximum of five two-year terms.

FISCAL EFFECT

Counties would incur unknown costs for verifying the signatures on the petitions. The magnitude of these costs is unknown, but potentially up to several hundreds of thousands of dollars every other year on a statewide basis. The state would incur little or no costs for tracking the eligibility of candidates for reelection.

TEXT OF PROPOSED LAWS

★ ★ ★

PROPOSITION 40

This law proposed by Assembly Bill 1602 of the 2001-2002 Regular Session (Chapter 875, Statutes of 2001) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

This proposed law adds sections to the Public Resources Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 1.696 (commencing with Section 5096.600) is added to Division 5 of the Public Resources Code, to read:

CHAPTER 1.696. THE CALIFORNIA CLEAN WATER, CLEAN AIR, SAFE NEIGHBORHOOD PARKS, AND COASTAL PROTECTION ACT OF 2002

Article 1. General Provisions

5096.600. This chapter shall be known, and may be cited, as the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002.

5096.601. The Legislature finds and declares all of the following:

(a) To maintain a high quality of life for California's growing population requires a continuing investment in parks, recreation facilities, and in the protection of the state's natural and historical resources.

(b) Clean air, clean water, clean beaches, and healthy natural ecosystems that can support both human communities and the state's native fish and wildlife are all part of the legacy of California. Each generation has an obligation to be good stewards of these resources in order to pass them on to their children.

(c) California's historical legacy also requires active protection, restoration, and interpretation to preserve and pass on an understanding and appreciation of the diverse cultural influences and extraordinary human achievements that have contributed to the unique development of California.

5096.605. As used in this chapter, the following terms have the following meanings:

(a) "Acquisition" means obtaining the fee title or a lesser interest in real property, including specifically, a conservation easement or development rights.

(b) "Department" means the Department of Parks and Recreation.

(c) "Development" includes, but is not limited to, improvement, rehabilitation, restoration, enhancement, preservation, protection, and interpretation.

(d) "Director" means the Director of the Department of Parks and Recreation.

(e) "District" means any regional park district, regional park and open-space district, or regional open-space district formed pursuant to Article 3 (commencing with Section 5500) of Chapter 3, any recreation and park district formed pursuant to Chapter 4 (commencing with Section 5780), or an authority formed pursuant to Division 26 (commencing with Section 35100). With respect to any community or unincorporated region that is not included within a district, and in which no city or county provides parks or recreational areas or facilities, "district" also means any other district that is authorized by statute to operate and manage parks or recreational areas or facilities, employs a full-time park and recreation director, offers year-round park and

recreation services on lands and facilities owned by the district, and allocates a substantial portion of its annual operating budget to parks or recreation areas or facilities.

(f) "Fund" means the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund created pursuant to Section 5096.610.

(g) "Historical resource" includes, but is not limited to, any building, structure, site, area, place, artifact, or collection of artifacts that is historically or archaeologically significant in the cultural annals of California.

(h) "Local conservation corps" means a program operated by a public agency or nonprofit organization that is certified pursuant to Section 14406.

(i) "Nonprofit organization" means any nonprofit public benefit corporation formed pursuant to the Nonprofit Corporation Law (commencing with Section 5000 of the Corporations Code), qualified to do business in California, and qualified under Section 501(c)(3) of the Internal Revenue Code.

(j) "Preservation" means identification, evaluation, recordation, documentation, interpretation, protection, rehabilitation, restoration, stabilization, development, and reconstruction, or any combination of those activities.

(k) "Secretary" means the Secretary of the Resources Agency.

5096.606. Lands or interests in land acquired with funds allocated pursuant to this chapter shall be acquired from a willing seller.

Article 2. The California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002

5096.610. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund, which is hereby created. Except as provided in subdivision (a) of Section 5096.650, the money in the fund shall be available for appropriation by the Legislature, in the manner set forth in this chapter, for acquisition and development projects, in accordance with the following schedule:

(a) The sum of two hundred twenty-five million dollars (\$225,000,000) for acquisition and development of the state park system.

(b) The sum of eight hundred thirty-two million five hundred thousand dollars (\$832,500,000) for local assistance programs for the acquisition and development of neighborhood, community, and regional parks and recreation areas.

(c) The sum of one billion two hundred seventy-five million dollars (\$1,275,000,000) for land, air, and water conservation programs, including acquisition for those purposes.

(d) The sum of two hundred sixty-seven million five hundred thousand dollars (\$267,500,000) for the acquisition, restoration, preservation, and interpretation of California's historical and cultural resources.

Article 3. State Parks

5096.615. The two hundred twenty-five million dollars (\$225,000,000) allocated pursuant to subdivision (a) of Section 5096.610 shall be available for appropriation by the Legislature to the department for the acquisition and development of the state park system. It is the intent of the Legislature that first priority for funding shall be for development projects to complete and expand visitor facilities and for restoration projects. Not more

TEXT OF PROPOSED LAWS

PROPOSITION 40 (cont.)

than 50 percent of the funds provided by this section may be used for acquisition.

Article 4. Local Assistance Programs

5096.620. The eight hundred thirty-two million five hundred thousand dollars (\$832,500,000) allocated pursuant to subdivision (b) of Section 5096.610 shall be available for appropriation by the Legislature for local assistance programs, in accordance with the following schedule:

(a) The sum of three hundred fifty million dollars (\$350,000,000) to the department for grants, in accordance with Section 5096.621, and on the basis of population, for the acquisition and development of neighborhood, community, and regional parks and recreation lands and facilities in urban and rural areas.

(b) The sum of two hundred million dollars (\$200,000,000) to the department for grants, in accordance with the Roberti-Z'berg-Harris Urban Open-Space and Recreation Program Act (Chapter 3.2 (commencing with Section 5620)).

(c) The sum of twenty-two million five hundred thousand dollars (\$22,500,000) on a per capita basis in accordance with subdivision (g) of Section 5096.621.

(d) The sum of two hundred sixty million dollars (\$260,000,000) to the department for grants for urban and special need park programs in accordance with Section 5096.625.

5096.621. (a) Sixty percent of the total funds available for grants pursuant to subdivision (a) of Section 5096.620 shall be allocated to cities and to districts other than a regional park district, regional park and open-space district, or regional open-space district. Each city's and district's allocation shall be in the same ratio as the city's or district's population is to the combined total of the state's population that is included in incorporated areas and unincorporated areas within the district, except that each city or district shall be entitled to a minimum allocation of two hundred twenty thousand dollars (\$220,000). In any instance in which the boundary of a city overlaps the boundary of such a district, the population in the area of overlapping jurisdiction shall be attributed to each jurisdiction in proportion to the extent to which each operate and manage parks and recreational areas and facilities for that population. In any instance in which the boundary of a city overlaps the boundary of such a district, and in the area of overlap the city does not operate and manage parks and recreational areas and facilities, all grant funds shall be allocated to the district.

(b) Each city and each district subject to subdivision (a) whose boundaries overlap shall develop a specific plan for allocating the grant funds in accordance with the formula specified in subdivision (a). If, by April 1, 2003, the plan has not been agreed to by the city and district and submitted to the department, the director shall determine the allocation of the grant funds among the affected jurisdictions.

(c) Forty percent of the total funds available for grants pursuant to subdivision (a) of Section 5096.620 shall be allocated to counties and regional park districts, regional park and open-space districts, or regional open-space districts formed pursuant to Article 3 (commencing with Section 5500) of Chapter 3.

(d) Each county's allocation under subdivision (a) shall be in the same ratio as the county's population, except that each county shall be entitled to a minimum allocation of one million two hundred thousand dollars (\$1,200,000).

(e) In any county that embraces all or part of the territory of a regional park district, regional park and open-space district, or regional open-space district, whose board of directors is not the county board of supervisors, the amount allocated to the county shall be apportioned between that district and the county in proportion to the population of the county that is included within the

territory of the district and the population of the county that is outside the territory of the district.

(f) For the purpose of making the calculations required by this section, population shall be determined by the department, in cooperation with the Department of Finance, on the basis of the most recent verifiable census data and other verifiable population data that the department may require to be furnished by the applicant city, county, or district.

(g) Of the funds appropriated in subdivision (c) of Section 5096.620, twelve million five hundred thousand dollars (\$12,500,000) shall be allocated to a city with an urban population greater than three million five hundred thousand in a county of the first class, and ten million dollars (\$10,000,000) shall be allocated to a county of the first class.

(h) The Legislature finds and declares that it intends all recipients of funds pursuant to subdivision (a) of Section 5096.620 to use those funds to supplement local revenues, in existence on the effective date of the act adding this chapter during the 2001-02 Regular Session, that are being used for parks or other projects eligible for funds under this chapter. To receive any allocation pursuant to subdivision (a) of Section 5096.620, the recipient may not reduce the amount of funding otherwise available to be spent on parks or other projects eligible for funds under this chapter in their jurisdiction. One-time allocations that have been expended for parks or other projects, but which are not available on an ongoing basis, may not be considered when calculating a recipient's annual expenditures. For purposes of this subdivision, the Controller may request fiscal data from recipients for the preceding three fiscal years. Each recipient shall furnish the data to the Controller not later than 120 days after receiving the request from the Controller.

5096.624. (a) The director shall prepare and adopt criteria and procedures for evaluating applications for grants allocated pursuant to subdivisions (a) to (c), inclusive, of Section 5096.620. Individual applications for funds shall be submitted to the department for approval as to their conformity with the requirements of this chapter. The application shall be accompanied by certification that the project for which the grant is requested is consistent with the park and recreation element of the applicable city or county general plan or the district park and recreation plan, as the case may be, and will satisfy a high priority need.

(b) To utilize available grant funds as effectively as possible, overlapping or adjoining jurisdictions and applicants with similar objectives are encouraged to combine projects and submit a joint application. An applicant may allocate all or a portion of its per capita share for a regional or state project.

(c) The director shall annually forward a statement of the total amount to be appropriated in each fiscal year for projects approved for grants pursuant to this article to the Director of Finance for inclusion in the Budget Bill. A list of eligible jurisdictions and the amount of grant funds to be allocated to each shall also be made available by the department.

(d) Funds appropriated pursuant to this article shall be encumbered by the recipient within three years from the date the appropriation is effective. Regardless of the date of encumbrance of the granted funds, the recipient is expected to complete all funded projects within eight years of the effective date of the appropriation.

5096.625. The funds provided in subdivision (d) of Section 5096.620 shall be available as grants for public agencies and non-profit organizations for the acquisition and development of new parks, botanical gardens, nature centers, and other community facilities in park poor communities. The funds may be expended pursuant to Section 5004.5, and Chapter 1.55 (commencing

TEXT OF PROPOSED LAWS

PROPOSITION 40 (cont.)

with Section 5095), if Senate Bill 359 of the 2001–02 Regular Session of the Legislature is enacted on or before January 1, 2003, and Chapter 3.3 (commencing with Section 5640), if Assembly Bill 1481 of the 2001–02 Regular Session of the Legislature is enacted on or before January 1, 2003, or pursuant to any other applicable statutory authorization. Not less than fifty million dollars (\$50,000,000) of the funds provided in subdivision (d) of Section 5096.620 shall be expended for competitive grants consistent with the requirements of subdivision (b) of Section 5096.348. Ten million dollars (\$10,000,000) of the funds provided in subdivision (d) of Section 5096.620 shall be available for development of Central Park in the City of Rancho Cucamonga. Five million dollars (\$5,000,000) of the funds provided in subdivision (d) of Section 5096.620 shall be available for allocation to the City of Los Angeles for park and recreation or community facilities at or adjacent to the Hansen Dam recreation area. Five million dollars (\$5,000,000) of the funds provided in subdivision (d) of Section 5096.620 shall be available for allocation to the City of Los Angeles for the Sepulveda Basin recreational parkland.

5096.629. In making grants of funds allocated pursuant to subdivision (d) of Section 5096.620, priority shall be assigned to projects that include a commitment for a matching contribution. Contributions may be in the form of money from a nonstate source; gifts of real property, equipment, and consumable supplies; volunteer services; free or reduced-cost use.

5096.633. Any grant funds appropriated pursuant to this article that have not been expended by the grant recipient prior to July 1, 2011, shall revert to the fund and be available for appropriation by the Legislature for one or more of the local assistance programs specified in Section 5096.620 that the Legislature determines to be the highest priority statewide.

Article 5. Land, Air, and Water Conservation

5096.650. The one billion two hundred seventy-five million dollars (\$1,275,000,000) allocated pursuant to subdivision (c) of Section 5096.610 shall be available for the acquisition and development of land, air, and water resources in accordance with the following schedule:

(a) Notwithstanding Section 13340 of the Government Code, the sum of three hundred million dollars (\$300,000,000) is continuously appropriated to the Wildlife Conservation Board for the acquisition, development, rehabilitation, restoration, and protection of habitat that promotes the recovery of threatened and endangered species, that provides corridors linking separate habitat areas to prevent habitat fragmentation, and that protects significant natural landscapes and ecosystems such as old growth redwoods and oak woodlands and other significant habitat areas; and for grants and related state administrative costs pursuant to the Wildlife Conservation Law of 1947 (Chapter 4 (commencing with Section 1300) of Division 2 of the Fish and Game Code). Funds scheduled in this subdivision may be used to prepare management plans for properties acquired in fee by the Wildlife Conservation Board.

(b) The sum of four hundred forty-five million dollars (\$445,000,000) to the conservancies in accordance with the particular provisions of the statute creating each conservancy for the acquisition, development, rehabilitation, restoration, and protection of land and water resources; for grants and state administrative costs; and in accordance with the following schedule:

- (1) To the State Coastal Conservancy..... \$ 200,000,000
- (2) To the California Tahoe Conservancy.. \$ 40,000,000
- (3) To the Santa Monica Mountains Conservancy..... \$ 40,000,000

- (4) To the Coachella Valley Mountains Conservancy..... \$ 20,000,000
- (5) To the San Joaquin River Conservancy. \$ 25,000,000
- (6) To the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy... \$ 40,000,000
- (7) To the Baldwin Hills Conservancy..... \$ 40,000,000
- (8) To the San Francisco Bay Area Conservancy Program..... \$ 40,000,000

(c) The sum of three hundred seventy-five million dollars (\$375,000,000) shall be available for grants to public agencies and nonprofit organizations for acquisition, development, restoration, and associated planning, permitting, and administrative costs for the protection and restoration of water resources in accordance with the following schedule:

(1) The sum of seventy-five million dollars (\$75,000,000) to the secretary for the acquisition and development of river parkways and for protecting urban streams. The secretary shall make funds available in accordance with Sections 7048 and 78682.2 of the Water Code, and pursuant to any other applicable statutory authorization. Not less than five million dollars (\$5,000,000) shall be available for grants for the urban streams program, pursuant to Section 7048 of the Water Code.

(2) The sum of three hundred million dollars (\$300,000,000) shall be available for the purposes of clean beaches, watershed protection, and water quality projects to protect beaches, coastal waters, rivers, lakes, and streams from contaminants, pollution, and other environmental threats.

(d) The sum of fifty million dollars (\$50,000,000) to the State Air Resources Board for grants to air districts pursuant to Chapter 9 (commencing with Section 44275) of Part 5 of Division 26 of the Health and Safety Code for projects that reduce air pollution that affects air quality in state and local park and recreation areas. Eligible projects shall meet the requirements of Section 16727 of the Government Code and shall be consistent with Section 43023.5 of the Health and Safety Code, if Assembly Bill 1390 of the 2001–02 Regular Session of the Legislature is enacted on or before January 1, 2003. Each district shall be eligible for grants of not less than two hundred thousand dollars (\$200,000). Not more than 5 percent of the funds allocated to a district may be used to cover the costs associated with implementing the grant program.

(e) The sum of twenty million dollars (\$20,000,000) to the California Conservation Corps for the acquisition, development, restoration, and rehabilitation of land and water resources, and for grants and state administrative costs in accordance with the following schedule:

(1) The sum of five million dollars (\$5,000,000) shall be available for resource conservation activities.

(2) The sum of fifteen million dollars (\$15,000,000) shall be available for grants to local conservation corps for acquisition and development of facilities to support local conservation corps programs.

(f) The sum of seventy-five million dollars (\$75,000,000) shall be available for grants for the preservation of agricultural lands and grazing lands, including oak woodlands and grasslands.

(g) The sum of ten million dollars (\$10,000,000) to the Department of Forestry and Fire Protection for grants for urban forestry programs pursuant to the California Urban Forestry Act of 1978 (Chapter 2 (commencing with Section 4799.06) of Part 2.5 of Division 1).

5096.651. In making grants pursuant to subdivisions (a) and (b) of Section 5096.650, priority shall be given to projects that include a commitment for a matching contribution. Contributions may be in the form of money, property, or services.

TEXT OF PROPOSED LAWS

PROPOSITION 40 (cont.)

Article 5. Historical and Cultural Resources Preservation

5096.652. (a) The two hundred sixty-seven million five hundred thousand dollars (\$267,500,000) allocated pursuant to subdivision (d) of Section 5096.610 shall be available for appropriation by the Legislature for the acquisition, development, preservation, and interpretation of buildings, structures, sites, places, and artifacts that preserve and demonstrate culturally significant aspects of California's history and for grants for these purposes. Eligible projects include, but are not limited to, those which preserve and demonstrate the following:

(1) Culturally significant aspects of life during various periods of California history including architecture, economic activities, art, recreation, and transportation.

(2) Unique identifiable ethnic and other communities that have added significant elements to California's culture.

(3) California industrial, commercial, and military history including the industries, technologies, and commercial activities that have characterized California's economic expansion and California's contribution to national defense.

(4) Important paleontologic, oceanographic, and geologic sites and specimens.

(b) Thirty-five million dollars (\$35,000,000) of the funds available pursuant to this section shall be allocated to a city for the development, rehabilitation, preservation, restoration, and interpretation of resources at a city park of historical and cultural significance that is over 1,000 acres and that serves an urban area with a population that is greater than 750,000 in northern California.

(c) Two million five hundred thousand dollars (\$2,500,000) of the funds available pursuant to this section shall be allocated to the County of Los Angeles for the El Pueblo Cultural and Performing Arts Center.

Article 6. Fiscal Provisions

5096.665. Bonds in the total amount of two billion six hundred million dollars (\$2,600,000,000), not including the amount of any refunding bonds issued in accordance with Section 5096.677, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes set forth in Section 5096.610 and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of the principal of, and interest on, the bonds as the principal and interest become due and payable. Pursuant to this section, the Treasurer shall sell the bonds authorized by the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act Finance Committee created pursuant to subdivision (a) of Section 5096.667 at any different times that are necessary to service expenditures appropriated pursuant to this chapter.

5096.666. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter by this reference as though set forth in full in this chapter.

5096.667. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act Finance Committee is hereby created. For purposes

of this chapter, the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Controller, the Director of Finance, and the Treasurer, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the Secretary of the Resources Agency is designated the "board."

5096.668. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter to carry out Section 5096.610 and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

5096.670. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds maturing each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

5096.671. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 5096.672, appropriated without regard to fiscal years.

5096.672. For purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized to be sold for the purpose of carrying out this chapter. Any amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund from proceeds received from the sale of bonds for the purpose of carrying out this chapter.

5096.673. Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, the cost of bond issuance shall be paid out of the bond proceeds. These costs shall be shared proportionally by each program funded through this bond act.

5096.674. Actual costs incurred in connection with administering programs authorized under the categories specified in Section 5096.610 shall be paid from the funds authorized by this act.

5096.675. The secretary may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, including other authorized forms of interim financing that include, but are not limited to, commercial paper, in accordance with Section 16312 of the Government Code, for purposes of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds that the committee, by resolution, has authorized to be sold for the purpose of carrying out this chapter. The secretary shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

PROPOSED TEXT OF LAWS

PROPOSITION 40 (cont.)

5096.676. All money deposited in the fund that is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

5096.677. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state of the issuance of the bonds described in this chapter includes the approval of the issuance of any bonds to refund any bonds originally issued under this chapter or any previously issued refunding bonds.

5096.678. Notwithstanding any provision of this chapter or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds

and to obtain any other advantage under federal law on behalf of the funds of this state.

5096.679. (a) The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

(b) 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.

5096.681. Except for funds continuously appropriated by this chapter, all appropriations of funds pursuant to Section 5096.610 for purposes of the program shall be included in the Budget Bill for the 2002-03 fiscal year, and each succeeding fiscal year, for consideration by the Legislature, and shall bear the label "California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Program Fund." The Budget Bill section shall contain separate items for each project, each class of project, or each element of the program for which an appropriation is made.

5096.683. The Secretary shall provide for an annual audit of expenditures from this chapter.



PROPOSITION 41

This law proposed by Assembly Bill 56 of the 2001-2002 Regular Session (Chapter 902, Statutes of 2001) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

This proposed law adds sections to the Elections Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Article 3 (commencing with Section 19230) is added to Chapter 3 of Division 19 of the Elections Code, to read:

Article 3. Voting Modernization Bond Act of 2002
(Shelley-Hertzberg Act)

19230. This article shall be known and may be cited as the Voting Modernization Bond Act of 2002 (Shelley-Hertzberg Act).

19231. The State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), except as otherwise provided herein, is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this article, and the provisions of that law are included in this article as though set out in full.

19232. As used in this article, the following words have the following meanings:

(a) "Board" means the Voting Modernization Board, established pursuant to Section 19235.

(b) "Bond" means a state general obligation bond issued pursuant to this article adopting the provisions of the State General Obligation Bond Law.

(c) "Bond act" means this article authorizing the issuance of state general obligation bonds and adopting the State General Obligation Bond Law by reference.

(d) "Committee" means the Voting Modernization Finance Committee, established pursuant to Section 19233.

(e) "Fund" means the Voting Modernization Fund, created pursuant to subdivision (b) of Section 19234.

(f) "Voting system" means any voting machine, voting device, or vote-tabulating device that does not utilize prescored punch card ballots.

19233. (a) The Voting Modernization Finance Committee is hereby established for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this article.

(b) The committee consists of the Controller, the Director of Finance, and the Treasurer, or their designated representatives, all of whom shall serve thereon without compensation, and a majority of whom shall constitute a quorum. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(c) For purposes of this article, the Voting Modernization Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law.

19234. (a) The committee may create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of not more than two hundred million dollars (\$200,000,000), exclusive of refunding bonds, in the manner provided herein for the purpose of creating a fund to assist counties in the purchase of updated voting systems.

(b) The proceeds of bonds issued and sold pursuant to this article shall be deposited in the Voting Modernization Fund, which is hereby established.

(c) A county is eligible to apply to the board for fund money if it meets all of the following requirements:

(1) The county has purchased a new voting system after January 1, 1999, and is continuing to make payments on that system on the date that this article becomes effective.

TEXT OF PROPOSED LAWS

PROPOSITION 41 (cont.)

(2) The county matches fund moneys at a ratio of one dollar (\$1) of county moneys for every three dollars (\$3) of fund moneys.

(3) The county has not previously requested fund money for the purchase of a new voting system. Applications for expansion of an existing system or components related to a previously approved application shall be accepted.

(d) Fund moneys shall only be used to purchase systems certified by the Secretary of State, pursuant to Division 19 (commencing with Section 19001), and in no event shall fund moneys be used to purchase a voting system that utilizes prescored punch card ballots.

(e) Any voting system purchased using bond funds that does not require a voter to directly mark on the ballot must produce, at the time the voter votes his or her ballot or at the time the polls are closed, a paper version or representation of the voted ballot or of all the ballots cast on a unit of the voting system. The paper version shall not be provided to the voter but shall be retained by elections officials for use during the 1 percent manual recount or other recount or contest.

19234.5. The Legislature may amend subdivisions (c) and (d) of Section 19234 and Section 19235 by a statute, passed in each house of the Legislature by rollcall vote entered in the respective journals, by not less than two-thirds of the membership in each house concurring, if the statute is consistent with, and furthers the purposes of, this article.

19235. The Voting Modernization Board is hereby established and designated the "board" for purposes of the State General Obligation Bond Law, and for purposes of administering the Voting Modernization Fund. The board consists of five members, three selected by the Governor, and two selected by the Secretary of State. The board shall have the authority to reject any application for fund money it deems inappropriate, excessive, or that does not comply with the intent of this article. A county whose application is rejected shall be allowed to submit an amended application.

19236. (a) All bonds authorized by this article, when duly sold and delivered as provided herein, constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof. The bonds issued pursuant to this article shall be repaid within 10 years from the date they are issued.

(b) There shall be collected annually, in the same manner and at the same time as other state revenue is collected, a sum of money, in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, these bonds as provided herein. All officers required by law to perform any duty in regard to the collection of state revenues shall collect this additional sum.

(c) On the dates on which funds are remitted pursuant to Section 16676 of the Government Code for the payment of the then maturing principal of, and interest on, the bonds in each fiscal year, there shall be returned to the General Fund all of the money in the fund, not in excess of the principal of, and interest on, any bonds then due and payable. If the money so returned on the remittance dates is less than the principal and interest then due and payable, the balance remaining unpaid shall be returned to the General Fund out of the fund as soon as it shall become available, together with interest thereon from the dates of maturity until returned, at the same rate of interest as borne by the bonds, compounded semiannually. This subdivision does not grant any lien on the fund or the moneys therein to holders of any bonds issued under this article. However, this subdivision shall not apply in the case of any debt service that is payable from the proceeds of any refunding bonds. For the purposes of this subdivision, "debt

service" means the principal (whether due at maturity, by redemption, or acceleration), premium, if any, or interest payable on any date to any series of bonds.

19237. Notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated from the General Fund, for purposes of this article, a sum of money that will equal both of the following:

(a) That sum annually necessary to pay the principal of, and the interest on, the bonds issued and sold as provided herein, as that principal and interest become due and payable.

(b) That sum necessary to carry out Section 19238, appropriated without regard to fiscal years.

19238. For the purposes of this article, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of a sum of money not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold pursuant to this article. Any sums withdrawn shall be deposited in the fund. All moneys made available under this section to the board shall be returned by the board to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from the sale of bonds for the purpose of carrying out this article.

19239. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out this article. The amount of the request shall not exceed the amount of unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this article. The board shall execute whatever documents are required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this article.

19240. Upon request of the board, supported by a statement of its plans and projects approved by the Governor, the committee shall determine whether to issue any bonds authorized under this article in order to carry out the board's plans and projects, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out these plans and projects progressively, and it is not necessary that all of the bonds be issued or sold at any one time.

19241. (a) The committee may authorize the Treasurer to sell all or any part of the bonds authorized by this article at the time or times established by the Treasurer.

(b) Whenever the committee deems it necessary for an effective sale of the bonds, the committee may authorize the Treasurer to sell any issue of bonds at less than their par value, notwithstanding Section 16754 of the Government Code. However, the discount on the bonds shall not exceed 3 percent of the par value thereof.

19242. Out of the first money realized from the sale of bonds as provided herein, there shall be redeposited in the General Obligation Bond Expense Revolving Fund, established by Section 16724.5 of the Government Code, the amount of all expenditures made for the purposes specified in that section, and this money may be used for the same purpose and repaid in the same manner whenever additional bond sales are made.

19243. Any bonds issued and sold pursuant to this article may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. The approval of the voters for the issuance of bonds under this article includes approval for the issuance of bonds issued to refund bonds originally issued or any previously issued refunding bonds.

TEXT OF PROPOSED LAWS

PROPOSITION 41 (cont.)

19244. Notwithstanding any provision of the bond act, if the Treasurer sells bonds under this article for which bond counsel has issued an opinion to the effect that the interest on the bonds is excludable from gross income for purposes of federal income tax, subject to any conditions which may be designated, the Treasurer may establish separate accounts for the investment of bond proceeds and for the earnings on those proceeds, and may use those proceeds or earnings to pay any rebate, penalty, or other payment required by federal law or take any other action with respect to the investment and use of bond proceeds required or permitted under

federal law necessary to maintain the tax-exempt status of the bonds or to obtain any other advantage under federal law on behalf of the funds of this state.

19245. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this article are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by Article XIII B.



PROPOSITION 42

This amendment proposed by Assembly Constitutional Amendment 4 of the 2001-2002 Regular Session (Resolution Chapter 87, Statutes of 2001) expressly amends the California Constitution by adding an article thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED ADDITION OF ARTICLE XIX B

ARTICLE XIX B

MOTOR VEHICLE FUEL SALES TAX
REVENUES AND TRANSPORTATION
IMPROVEMENT FUNDING

SECTION 1. (a) For the 2003-04 fiscal year and each fiscal year thereafter, all moneys 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, and that are deposited in the General Fund of the State pursuant to that law, shall be transferred to the Transportation Investment Fund, which is hereby created in the State Treasury.

(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 the operative date of this article.

(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.

(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 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 purpose set forth in subparagraph (D) of paragraph (2) of subdivision (b).

(d) 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 both of the following conditions are met:

(1) The Governor has issued a proclamation that declares that the transfer of revenues pursuant to subdivision (a) will result in a significant negative fiscal impact on the range of functions of government funded by the General Fund of the State.

(2) 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 pursuant to subdivision (a), provided that the bill does not contain any other unrelated provision.

(e) The Legislature may 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).



PROPOSITION 43

This amendment proposed by Assembly Constitutional Amendment 9 of the 2001-2002 Regular Session (Resolution Chapter 114, Statutes of 2001) expressly amends the California Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT OF ARTICLE II

SEC. 2.5. A voter who casts a vote in an election in accordance with the laws of this state shall have that vote counted.

TEXT OF PROPOSED LAWS

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PROPOSITION 44

This law proposed by Senate Bill 1988 of the 1999-2000 Regular Session (Chapter 867, Statutes of 2000) is submitted to the people in accordance with the provisions of subdivision (c) of Article II of Section 10 of the California Constitution.

This proposed law adds sections to the Business and Professions Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SEC. 5. Section 1003 is added to the Business and Professions Code, to read:

1003. (a) *Except as otherwise allowed by law, the employment of runners, cappers, steerers, or other persons to procure patients constitutes unprofessional conduct.*

(b) *A licensee of the State Board of Chiropractic Examiners shall have his or her license to practice revoked for a period of*

10 years upon a second conviction for violating any of the following provisions or upon being convicted of more than one count of violating any of the following provisions in a single case: Section 650 of this code, Section 750 or 1871.4 of the Insurance Code, or Section 549 or 550 of the Penal Code. After the expiration of this 10-year period, an application for license reinstatement may be made pursuant to subdivision (c) of Section 10 of the Chiropractic Act.

SEC. 6. Section 1004 is added to the Business and Professions Code, to read:

1004. *The State Board of Chiropractic Examiners shall investigate any licensee against whom an information or indictment has been filed that alleges a violation of Section 550 of the Penal Code or Section 1871.4 of the Insurance Code, if the district attorney does not otherwise object to initiating an investigation.*

★
PROPOSITION 45

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 expressly amends the California Constitution by adding sections thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT OF ARTICLE II

SECTION 1. Preamble

Term limits have reinvigorated the political process by promoting full participation and bringing a breath of fresh air to California government. The people recognize that in some instances a few specially skilled and popular lawmakers have been unable to complete important legislative programs for their districts before they must leave office. In recognition of these special cases, the people of California seek an opportunity by petition to extend some specific district representatives' terms in office by a maximum of four years.

SEC. 2. Section 21 is added to Article II of the California Constitution, to read:

SEC. 21. *Local Legislative Option. Local legislative option is the power of the voters residing in an Assembly or Senate district to exercise an option to allow their term-limited state legislator to stand for re-election for an extended term(s) in office, not to exceed a total of four years, notwithstanding Article IV, Section 2(a) of this Constitution.*

(a) *Local legislative option may be exercised only one time per lawmaker.*

SEC. 3. Section 22 is added to Article II of the California Constitution, to read:

SEC. 22. (a) *Exercise of the local legislative option is initiated by delivering to the Secretary of State a petition invoking the right of the people to re-elect a legislator who would otherwise be ineligible for re-election by reason of Article IV, Section 2(a).*

Proponents have 90 days to circulate petitions and must submit petitions for verification at least 30 business days prior to the first day candidates may file declarations of intention to become a candidate for legislative office.

(b) *A petition invoking local legislative option must be signed by electors of the district equal in number to 20 percent of the ballots cast for that office in the last general election for which the local legislative option is sought.*

(c) *Only electors registered to vote in the district in which the legislator is serving at the time the petition is filed, or following a redistricting, in the district in which the local legislative option is sought, may sign the petition.*

(d) *Legislators permitted to run under this section may run only in the district in which they are currently serving, or if that district is changed pursuant to redistricting, then in the successor district whose lines include the larger portion of the former district.*

(e) *Local voters may exercise this option to extend the time that a legislator would otherwise be permitted to serve by a period of four years.*

(f) *The petition must be in substantially the following form:*

We the undersigned registered voters of the ____ Assembly [or Senate] district hereby invoke our right pursuant to Article II, Section 21 of the California Constitution to vote for or against [here list the legislator by name] at the next election(s) for that office, but not to exceed a total of four years. Our reasons are as follows: [here set forth reasons in no more than 200 words]

(g) *Petitions shall be submitted to local election officers who shall certify the signatures to the Secretary of State in the same fashion as initiative petitions are certified. As soon as sufficient valid signatures are certified, the Secretary of State shall so advise local election officials, who shall place the name of the certified legislator on the ballot in the same fashion as if he or she were not subject to Article IV, Section 2(a).*