

Attachment 1

NOVEMBER 2006 BALLOT MEASURES

Excerpts from League of Women Voters Analysis

PROPOSITION 1A

TRANSPORTATION FUNDING PROTECTION

Legislative Constitutional Amendment

Proposition Summary

Amends the State Constitution to further limit the conditions under which the Proposition 42 transfer of gasoline sales tax revenues for transportation can be suspended. Specifically, the measure requires Proposition 42 suspensions to be treated as loans to the General Fund that must be repaid in full, including interest, within three years of suspension. Furthermore, the measure only allows suspension to occur twice in ten consecutive fiscal years. No suspension could occur unless prior suspensions (excluding those made prior to 2007-08) have been repaid in full.

Arguments For:

- Closes the loophole in the current law and ensures that the gas sales taxes are spent only on transportation projects.
- Provides more stable source of long-term funding to improve transportation, especially for local road repairs, transit, and the State Transportation Improvement Program (STIP)
- From these revenues, Santa Cruz County's annual share (starting in FY08/09) is approximately:
 - Transit: \$1 million/year
 - Local Streets/Roads: \$3 million/year
 - STIP: \$3 million/year

Arguments Against:

- Restricts Legislature and the Governor's flexibility to redirect funds temporarily to ensure that education, health, local jurisdictions, and other non-transportation programs in the state receive funding when there is a statewide budget shortfall.
- Proposition 1A further limits amount of discretionary funds in California's budget, means more "ballot box budgeting"

RTC Staff Recommendation: Support

PROPOSITION 1B

HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006 Legislative Bond Act

Proposition Summary

This measure authorizes the state to sell about \$20 billion (B) of general obligation bonds to fund transportation projects to relieve congestion, improve the movement of goods, improve air quality, and enhance the safety and security of the transportation system. The bonds are split into a variety of programs:

- \$4.5B Corridor Mobility Improvement Account (CMIA): focused on congested corridors, could fund major capital highway projects that could not otherwise be funded through the STIP.
- \$2B STIP Augmentation: Santa Cruz County's share would be approx. \$11 million
- \$4B Public Transit: Santa Cruz County's share would be approx. \$27.7 million
- \$2B Local Street and Roads:
 - County of Santa Cruz's share: \$8 million
 - Capitola: \$400,000
 - Santa Cruz: \$1.8 million
 - Scotts Valley: \$400,000
 - Watsonville: \$1.6 million
- \$1B Transit System Safety/Security/Disaster Response
- \$1B State-Local Partnership Program
- \$125M: Local Bridge Seismic Retrofit: Murray Street Bridge may qualify
- \$250M: Highway-RR Crossing Safety Account
- \$750M: SHOPP – supplemental to existing SHOPP program
 - \$250M dedicated for traffic light synchronization
- \$200M: School Bus Retrofit for Air Quality
- \$1B: State Route 99 Corridor
- \$3.1B: Ports Infrastructure, Security and Air Quality
- \$2B: Trade Corridors Improvements – targeted for corridors of national significance
- \$1B: Emission Reduction: ARB to select projects related to freight movement
- \$100M: Security at ports, harbors, and ferry terminals

Bond funding for all programs would be provided over ten years, subject to annual appropriation by the Legislature.

Arguments For:

- California's highways are congested and immediate improvements are needed.
- Would allow major improvements to move forward that could not otherwise be funded within existing "pay-as-you-go" formulas
- Prop. 1B jump-starts improvements throughout the state without raising taxes.
- Includes annual accountability measures, such as audits and reports, to ensure funds are spent as intended.
- Cost of bonds, including debt service will be less than project cost increases that would occur due to delaying projects (total cost for the bonds is approx. \$38.9 billion).

Arguments Against:

- Would take approx. 30 years to pay off the bonds at a total cost of \$38.9 billion (\$19 billion in interest).
- It is unclear how bonds will be repaid and what impact repayment will have on other transportation funding programs (ex. STIP) in future.
- Does not generate new funds. More borrowing will increase budget deficits.
- Release of funds subject to annual legislative actions. Legislature could decide not to sell bonds/release funds some years.
- Lessens role of regions in selecting projects (circumvents SB 45) and increases CTC's role. The CTC would be granted sole discretion over the selection of Corridor Mobility projects, Trade Corridor projects, and a new State-Local Partnership Program, among others.

RTC Staff Recommendation: Support

PROPOSITION 1C

HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2006

Legislative Bond Act

Proposition Summary

This measure authorizes borrowing \$2.85 billion through the sale of general obligation bonds--about half for existing housing programs to provide affordable, low-cost housing and shelters and half for a new development program.

Arguments For:

- Provides funds for transit oriented developments (\$300 million)
- Provides increased shelter and affordable housing for the state's homeless, homeless foster youth, and farm-worker populations.
- Provides increased shelter and services for battered women and disabled seniors.
- Prevents increases in traffic and congestion by providing down-payment assistance to potential homeowners, and financial support to current homeowners trying to retain ownership, in attempt to prevent their relocation to lower-cost housing further from the urban areas where they work.
- Provides money for the preservation of open space and housing-related parks.

Arguments Against:

- Housing bonds should not be used to pay for parks and other non-housing facilities.
- Total cost to the state would be about \$6.1 billion to pay off both the principal (\$2.85 billion) and the interest (\$3.3 billion) over a 30 year period (assumes federally taxable bonds sold at an average rate of 6.5 percent and the remaining bonds at an average rate of 5 percent).
- Debt repayment dominates government spending, and takes money away from other federal services, and might necessitate a raise in taxes.
- The number of housing units which could be built because of this bond is negligible considering the population of California (37 Million), and the number of housing units already in existence (12.1 Million).

RTC Staff Recommendation: Support

PROPOSITION 87

ALTERNATIVE ENERGY RESEARCH, PRODUCTION, INCENTIVES. TAX ON CALIFORNIA OIL PRODUCERS.

Initiative Constitutional Amendment and Statute.

Proposition Summary

Would impose a severance tax on oil production in California to generate revenues to fund \$4 billion in alternative energy programs over time. (The term “severance tax” is commonly used to describe a tax on the production of any mineral or product taken from the ground, including oil.) The measure defines “producers,” who are required to pay the tax, broadly to include any person who extracts oil from the ground or water, owns or manages an oil well, or owns a royalty interest in oil.

Funds from the tax to be allocated as follows:

- 57.5 percent for incentives to: purchase alternative fuel vehicles; encourage producers to supply alternative fuels; create alternative fuel infrastructure (fueling stations); provide research grants and loans for alternative fuels and vehicles.
- 26.75 percent for grants to California universities to improve the economic viability and commercialization of renewable energy and energy efficiency technologies.
- 3.5 percent for public education campaigns, oil market monitoring and general administration (roughly 2.5 percent of total revenues for administrative costs).
- 2.5 percent to train students at community colleges to work with new alternative energy technologies.

Arguments For:

- The measure could decrease California’s dependence on oil through the promotion of alternative energy sources.
- Spur economic development by creating jobs in the field of alternative energy, and creating a market for alternative energy products.
- Establish an alternative energy infrastructure, such as filling stations.
- Funding for projects will come from the oil companies. Prohibits oil producers from passing the tax onto consumers.

Arguments Against:

- In areas of the state where oil reserves are located, local property taxes paid on oil reserves would decline to the extent that the tax reduces the value of oil reserves in the ground.
- In oil-producing counties (primarily Kern, Los Angeles, and Ventura), local administrative costs would increase due to increased reassessment activity by local property tax assessors.
- Exempt from laws that require a portion of all new state tax revenues be spent on schools. Could result in less money for schools, public safety, and local governments.
- Despite a provision which prohibits oil companies from raising gas prices to pay for this tax, higher costs of in-state oil extraction could inadvertently result in higher prices at the pump.
- Raising the costs of local oil extraction could prompt companies to import more foreign oil.
- The new bureaucracy would be unaccountable in how the money is spent, as well as whether or not improvements and advancements in alternative energy are being made.

RTC Staff Recommendation: Support

PROPOSITION 90

GOVERNMENT ACQUISITION, REGULATION OF PRIVATE PROPERTY Initiative Constitutional Amendment.

Proposition Summary

Limit the circumstances under which a public agency may condemn; change the amount that government is required to pay a private property owner for their property from “just compensation” — which typically equals the property’s fair market value on the open market — to require that the owner is compensated for the property’s “highest and best use” and placed in the “same position monetarily without any government offsets, as if the property had never been taken.” Make public agencies liable for any economic losses to private property resulting from almost any future government action that is not related to public health or safety.

Arguments For:

- Some private property owners have felt that state and local governments have undermined their rights through excessive use of eminent domain power and the regulation of private property for purposes unrelated to public health and safety.
- Attempts to ensure that property owners receive just compensation for any property taken or damaged. Whenever a property owner and the public agency cannot agree on fair compensation, a jury trial would be used for the settlement of disputes.

Arguments Against:

- Severely restricts ability of government agencies to acquire private property through use of Eminent Domain.
- Will increase project costs.
- Exposes public agencies to increased litigation from property owners.
- Restricts ability of government agencies to make land-use decisions and major capital improvements for the community as a whole.

RTC Staff Recommendation: Oppose