COUNCIL AGENDA: 10-7-08
ITEM: 3.4

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Lee Price, MMC
City Clerk

SUBJECT: SEE BELOW

DATE: 09-25-08

SUBJECT: CITY POSITIONS ON THE NOVEMBER 4, 2008 CALIFORNIA GENERAL ELECTION BALLOT

RECOMMENDATION

As recommended by the Rules and Open Government Committee on September 24, 2008 and outlined in the attached memo previously submitted to and approved by the Rules and Open Government Committee, approve the recommended City positions for Propositions 1A, 3, 5, 6, 7, 10 and 12 on the November 4, 2008 California General Election Ballot:

(a) Adopt a support position for Proposition 1A – Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Replaces Proposition 1).

(b) Adopt a support position for Proposition 3 – Children's Hospital Bond Act.

(c) Adopt an oppose position for Proposition 5 – Nonviolent Offender Rehabilitation Act of 2008.

(d) Adopt an oppose position for Proposition 6 – Safe Neighborhoods Act.

(e) Adopt an oppose position for Proposition 7 – The Solar and Clean Energy Act of 2008.

(f) Adopt an oppose position for Proposition 10 – The California Renewable Energy and Clean Alternative Fuel Act.

(g) Adopt a support position for Proposition 12 – Veterans Bond Act of 2008.

RULES COMMITTEE: 09-24-08
ITEM: C1b

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITEE

FROM: Betsy Shotwell

SUBJECT: SEE BELOW

DATE: September 18, 2008

Approved Christine F. Shippey Date 9/19/08

SUBJECT: ACCEPT RECOMMENDED CITY POSITIONS ON THE NOVEMBER 4, 2008 CALIFORNIA GENERAL ELECTION BALLOT – PROPOSITIONS 1A, 3, 5, 6, 7, 10 AND 12

RECOMMENDATION

Approve the recommended City positions for Propositions 1A,3, 5, 6,7,10, and 12 on the November 4, 2008 California General Election ballot. Individual ballot proposition summaries and analyses from the Legislative Analyst's Office are attached following the staff analyses and recommendations. The complete Secretary of State's "Official Voter Information Guide," which includes the text of each measure can be accessed at: www.ss.ca.gov.

Proposition	Recommended City Position
1A. Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Replaces Proposition 1).	Support
3. Children's Hospital Bond Act	Support
5. Nonviolent Offender Rehabilitation Act of 2008	Oppose
6. Safe Neighborhoods Act	Oppose
7. The Solar and Clean Energy Act of 2008	Oppose
10. The California Renewable Energy and Clean Alternative Fuel Act	Oppose
12. Veterans Bond Act of 2008	Support

BACKGROUND

The November 4, 2008 California General Election ballot contains a number of propositions that cover a range of issues. Staff has selected those propositions for possible City positions that may have direct impact to City service areas. In the case of Proposition 3 regarding the Children's Hospital Bond Act, the measure would have an important impact on children's healthcare if passed by the voters.

ANALYSIS

The staff analyses, recommendations, and LAO summaries and analyses are attached for your consideration.

PUBLIC OUTREACH

- ☐ **Criteria 1**: Requires Council action on the use of public funds equal to $1 million or greater.
  (Required: Website Posting)
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This document will be posted on the City's website for the September 24 Rules and Open Government Committee meeting where Council and the public will have the opportunity to comment.

COORDINATION

This memorandum was coordinated with the City's Legislative Representative in Sacramento, the City Attorney's Office and the Departments indicated in the attached analyses.

Betsy Shotwell
Director, Intergovernmental Relations

Attachments: Staff analyses and recommendations on Propositions 1A, 3, 5, 6, 7, 10, 12.
Portions of the California Presidential General Election November 4, 2008, Voter Information Guide

Proposition 1A – Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century.

What issue does the measure address?

Proposition 1A replaces Proposition 1 on the November 4, 2008 ballot. Proposition 1A revises, expands and updates the Safe, Reliable High-Speed Passenger Train Bond (Proposition 1), which will go before California voters in November. Also included in the ballot measure is language that establishes oversight processes for the independent review and approval of financing and engineering plans for the construction of California's high-speed train. The measure authorizes the state to sell $9.95 billion in general obligation bonds to construct a high-speed train system consistent with the High-Speed Rail Authority's (HSRA) certified environmental impact reports of November 2005 and July 9, 2008 rather than the final business plan of June 2000. The HSRA plans to utilize a mixture of funding sources for the construction of the project including state and federal funds, as well as funding through public-private partnerships.

As California's population continues to grow, the increase in traffic congestion, air pollution, greenhouse gas emissions, and the continuation of urban sprawl highlight the need for the state to construct a high-speed train system to serve major metropolitan areas. The goal of the HSRA is to construct a system that integrates the state's transportation system by linking the Bay Area, Los Angeles, the Inland Empire, Orange County, San Diego and the Central Valley, including Sacramento. As defined in the measure, Phase 1 of the high-speed train project is the corridor of the high-speed train system between the San Francisco Transbay Terminal and the Los Angeles Union Station and Anaheim. It has been estimated that the train system, as proposed, would cost roughly one-third of what it would cost to construct the same level of service and mobility with highway and airport improvements. In addition, there is the added benefit of reducing air pollution.

Current rail service throughout the state has been designed to meet the needs of local and regional travelers. In response to the critical service provided by these passenger rail carriers the bond provides $950 million for capital improvements to inter-city and commuter rail lines and urban rail systems that provide direct connectivity to the high-speed train system.

As currently approved, the ballot title and summary for Proposition 1A states:

SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT
Provides long-distance commuters with a safe, convenient, affordable, and reliable alternative to driving and high gas prices. Reduces traffic congestion on the state's highways and at the state's airports. Reduces California's dependence on foreign oil. Reduces air pollution and global warming greenhouse gases. Establishes a clean, efficient 220 MPH transportation system. Improves existing passenger rail lines serving the state's major population centers. Provides for California's growing population. Provides for a bond issue of $9.95 billion to establish high-speed train service linking Southern California counties, the Sacramento/San Joaquin Valley, and the San Francisco Bay Area. Provides that at least 90 percent of these bond funds shall be spent for specific construction projects, with federal and private sector matching funds required. Requires that use of all bond funds is subject to independent audits. Appropriates money from the General Fund to pay bond principal and interest.

How would the passage of this measure affect San José?

A High-Speed Rail Service with an alignment that links San Jose with Los Angeles provides a connection between the two major economic generators of the state. In addition to this important north-south link, the City, strategically located at the southern end of the Bay Area, is positioned to become a major rail hub providing access to both the peninsula/San Francisco and the East Bay/Oakland. The addition of High-Speed rail would also anchor and enhance passenger rail service provided at the Diridon Station, which currently includes: Caltrain, Amtrak, the Altamont Commuter Express (ACE), the Capitol Corridor, and VTA's light rail, and in the future, the South Bay BART extension. Further, on June 5, 2005, the City Council passed the San Jose Downtown Strategy 2000 Plan (Plan), which supports development around the Diridon Station Area. The Plan includes the expansion of the Downtown Core into the Diridon Station Area and includes the addition of 10,000 high-rise housing units and 30,000 jobs. The increased transportation options offered by increased service at Diridon Station would help support future development in Downtown

What is staff's proposed Position?

The City of San Jose has actively supported and advocated for California's High-Speed Rail System. Therefore, staff recommends that the City support Proposition 1A, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century.

Who are the bill's supporters and opponents?

Proposition 1A is being sponsored/supported by:

- Governor Arnold Schwarzenegger
- California Alliance for Jobs
- Orange County Business Council
- County of Santa Clara
- State Building & Construction Trades Council of California
- California High-Speed Rail Authority
- San Francisco Chamber of Commerce
- Los Angeles Area Chamber of Commerce
- The Planning and Conservation League
- Transportation and Land Use Coalition (TALC)
- California Public Interest Research Group (CALPRIG)
- Kern County Taxpayers Association

The opposition to Proposition 1A includes:

- California Chamber of Commerce
- Howard Jarvis Taxpayers Association

What is the current status of the measure?

Proposition 1A will appear on the November 4, 2008 Statewide Direct General Election Ballot.

Coordination of this analysis and recommendation:

This item was coordinated with the Office of Intergovernmental Relations, Department of Transporation, and the City Attorney's Office.

Policy alignment:

This analysis is consistent with the Council adopted 2008 Legislative Guiding Principles, and the Council adopted guidelines:

Pursue Federal and State Funding For Key Efforts

15 *Promote California's High-Speed Rail project including a southern gateway through the Pacheco Pass into San Jose and continue to support funding of the project through High-Speed Train Bond Act on the statewide ballot.*

Proposition 3 – Children's Hospital Bond Act Grant Program. Initiative Statute.

What issue does the measure address?

This initiative would raise $980 million in General Obligation bonds to improve and expand eligible children's hospitals in California, including Lucile Packard Children's Hospital. The City supported a similar measure in 2004, Proposition 61. According to the bill's sponsors, California children's hospitals provide the vast majority of hospital care required for children with serious medical conditions without regard to a family's income or ability to pay for treatment. Proposition 3 would generate an additional $980 million in funding for construction, expansion, remodeling, renovation, furnishing, equipping, financing, or refinancing California's children's hospitals. In 2004, California voters approved Proposition 61, which contained a $750 million bond measure. However, by the end of 2008, nearly 70% of those funds will have been committed for approved projects. The Legislative Analyst's Office estimates that the bond would have a State cost of about $2 billion over thirty years to pay off both the principal ($980 million) and interest ($1 billion) on the bonds.

How would the passage of this measure affect San José?

Eighty percent of the monies would be available to eight eligible nonprofit children's hospitals (up to $98 million per hospital) and the remaining twenty percent would be available to five University of California children's hospitals. As noted, Lucile Packard Children's Hospital is an eligible recipient. The hospital would spend new bond funding on an additional 100-bed facility to address inpatient capacity issues, as well as new programs and services. This addition would benefit young residents of San Jose, Santa Clara County and the Bay Area as well as youngsters whom reside outside of the Bay Area.

What is staff's proposed Position?

Staff recommends that the City support Proposition 3.

Who are the bill's supporters and opponents?

Proposition 3 is being supported by the California Hospital Association, the Children's Defense Fund, the League of Women Voters of California, the Silicon Valley Leadership Group and Santa Clara County. Opponents indicated in the Voters Guide include the president of the National Tax Limitation Committee and the director of the American Conservative Union

What is the current status of the measure?

Proposition 3 will appear on November 4, 2008 Statewide General Election Ballot.

Coordination of this analysis and recommendation: Intergovernmental Relations and Santa Clara County.

Policy alignment:

This analysis is consistent with the Council adopted 2008 Legislative Guiding Principles, and the Council adopted guidelines:

Promote Livability, Sustainable Development, and Environmental Protection

11. The City supports legislation that provides funding for programs that promote health and wellness, increases physical activity and ensures proper nutrition and nutrition services to improve seniors' and children's individual health.

Proposition 5 – Nonviolent Offenders, Sentencing, Parole and Rehabilitation, Statute

What issue does the measure address?

This measure (1) expands drug treatment diversion programs for criminal offenders, (2) modifies parole supervision procedures and expands prison and parole rehabilitation programs, (3) allows inmates to earn additional time off their prison sentences for participation and performance in rehabilitation programs, (4) reduces certain penalties for marijuana possession, and (5) makes miscellaneous changes to state law related mainly to state administration of rehabilitation and parole programs for offenders.

How would the passage of this measure affect San José?

This measure would have a number of fiscal effects on state and local government agencies as indicated below:

State Operating Costs Potentially Exceeding $1 Billion Annually. Increased state costs over time primarily for expansion of drug treatment and rehabilitation of offenders due to:

- Increased spending for a new three-track drug treatment diversion system.
- Expansion of rehabilitation programs for prison inmates, parolees, and offenders released from parole.
- Various other changes to state programs, such as a requirement that the state reimburse counties for drug treatment services now provided for certain parolees.

State Operating Savings Potentially Exceeding $1 Billion Annually. State operating savings over time primarily for prison and parole supervision due to:

- Diversion of additional offenders from state prisons to drug treatment programs.
- Exclusion of certain categories of parole violators from state prison.
- Potential expansion of the credits that certain inmates could receive that would reduce the time they must serve in prison.
- A reduction in the length of time of parole supervision for offenders convicted of drug and nonviolent property crimes.

State Capital Outlay Savings That Could Eventually Exceed $2.5 Billion. Net one-time savings from constructing fewer prison beds because of a reduction in the inmate population. These savings would be partly offset by costs for additional prison space for rehabilitation programs.

County Operations Costs and Funding—Unknown Net Fiscal Effect. Increases in county expenditures for new drug treatment diversion programs and juvenile programs would probably be generally in line with the increased funding they would receive from the state. In addition, various provisions could result in unknown increases and reductions in county operating costs and revenues.

County Capital Outlay—Unknown Net Fiscal Effect. Counties could face added capital outlay costs for housing parole violators, but decreased costs from the diversion of some offenders from jails to drug treatment.

Other. Various other fiscal impacts on state and local government costs and revenues from the diversion of additional offenders from prison or jail or the release of some offenders earlier from prison.

What is staff's proposed position?

The City should oppose this proposition due to the likely increase in crime based on reduced sentences.

Who are the bill's supporters and opponents?

Supporters

The official proponent of the measure is Daniel Abrahamson. The petition drive conducted to qualify the measure for the fall ballot was conducted by Progressive Campaigns, Inc. at a cost of about $1.762 million.

Donors to the Proposition 5 campaign

As of July 14, 2008, the five largest donors to the "Yes on 5" campaign are billionaire financier George Soros, who has given $1,000,000; Jacob Goldfield, who has given $700,000. Bob Wilson, who has given $700,000; founder of the private University of Phoenix, John Sperling, who has given $500,000; and The Drug Policy Alliance Network, $400,000.

Opposition

An opposition group called **People Against the Proposition 5 Deception** has been formed to defeat Proposition 5. Opponents of Proposition 5 include thirty-two district attorneys, CAL Chiefs, the California District Attorney's Association, Mothers Against Drunk Driving (MADD), and former California governors Pete Wilson and Gray Davis.

What is the current status of the measure?

Proposition 5 will appear on November 4, 2008 Statewide Direct General Election Ballot.

Coordination of this analysis and recommendation:

This analysis and recommendation were coordinated with the San José Police Department, Research and Development Unit and the City Attorney's Office.

Policy Alignment:

This analysis is consistent with the Council adopted 2008 Legislative Guiding Principles, and the Council adopted guidelines to support efforts to keep San José safe.

Proposition 6 – Criminal Penalties and Laws. Public Safety Funding. Statute

What issue does the measure address?

This measure would make several changes to current laws relating to California's criminal justice system. These include: setting required spending levels for certain new and existing criminal justice programs; increasing penalties for certain crimes; making various changes to state parole policies; and making various other changes related to gang databases, hearsay evidence, gang injunction procedures, criminal background checks for public housing residents, temporary housing for offenders, release of undocumented persons, juvenile justice coordinating council membership, and juveniles in adult court.

According to the Legislative Analyst's Office (LAO), this measure if passed would require state spending for various state and local criminal justice programs totaling about $965 million beginning in 2009-10, an increase of $365 million compared to 2007-08. The LAO estimates that this amount will increase by about $100 million in about five years due to the measure's provisions that require that state funding for certain programs be adjusted each year for inflation. In addition, the redistribution of the State Penalty Fund could result in about $14 million loss in the state General Fund revenues compared to the 2007-08 budget.

How would the passage of this measure affect San José?

State and local governments share responsibility for operating and funding various parts of California's criminal justice system. Generally, the state funds and operates prisons, parole, and the courts while local governments are responsible for community law enforcement, such as police, sheriff, and criminal prosecutions.

The state supports some criminal justice activities that have traditionally been a local responsibility. In 2007-08, the state allocated hundreds of millions of dollars for local criminal justice programs. This includes $439 million for three such programs, the Citizens' Option for Public Safety (COPS, the Juvenile Justice Crime Prevention Act, and Juvenile Probation and Camps Funding.

The state also administers the State Penalty Fund which collects revenues from fees assessed to some criminal offenders. These funds are disbursed for various purposes, including restitution to crime victims and peace officer training. Also, a portion is transferred to the state General Fund.

Most of the new state spending required by this measure would be for local law enforcement activities, directed primarily to police, sheriffs, district attorneys, jails, and probation offices. The remaining new state spending would be provided for local juvenile programs, offender rehabilitation, crime victim assistance, and other state criminal justice programs. Specifically, the measure requires new state spending for such purposes as:

- Increased supervision of adult probationers by counties ($65 million);
- Juvenile facility repair and renovation and the operation of county probation programs for youth ($50 million);

- City law enforcement efforts to target various crimes, including violent, gang, and gun crimes ($30 million);
- Prosecution of violent, gang, and vehicle theft crimes ($25 million);
- The construction and operation of county jails ($25 million);
- Assisting county sheriff and mid-size city police agencies to participate in county, regional, and statewide enforcement activities and programs ($20 million);
- Programs to assist parolees in their reentry into communities ($20 million).

Of the many significant changes that the passage of Proposition 6 would affect in the criminal justice system would be the requirement that each jurisdiction create a Juvenile Justice Coordinating Council. This is essential in order to facilitate inter-agency collaboration. In addition, Proposition 6 places some emphasis on providing Re-Entry Programs which, if administered correctly, can reduce recidivism and curtail re-offending. However, Proposition 6 addresses the gang/crime issue at the point of "offense" as opposed to treating the "root causes" of the problem. In addition, although the measure would increase financial support suppression efforts however it would provide minimal support for Intervention Services which is important because we need to change the mindset of these individuals. Incarceration usually results in inmates becoming better trained and more seasoned criminals.

Other savings to the state and local government agencies could result to the extent that offenders imprisoned for longer periods under the measure's provisions require fewer government services, or commit fewer crimes that result in victim-related government costs. Alternatively, there could be an offsetting loss of revenue to the extent that offenders serving longer prison terms would no longer become taxpayers under current law. The extent and magnitude of these impacts are unknown.

What is staff's proposed Position?

Staff recommends that the City oppose Proposition 6. While there could be direct benefits to the safety of the residents of San José if Proposition 6 were to pass, this measure does not provide a new source of funding for this increased spending and threatens existing funding for schools, health care, foster care, and after school programs,. The LAO summarizes that the "net increase in state costs are likely in a few years to exceed $500 million annually, primarily due to the increasing state spending for various criminal justice programs to at least $965 million, as well as for increased costs for prison and parole operations. These costs would increase by tens of millions of dollars annually in subsequent years. Potential one-time state capital outlay costs for prison facilities that could exceed $500 million due to increases in the prison population." An increase in suppression efforts will result in greater over-population of prisons and jails. The state currently spends over $10 billion annually on its prison system.

California faces a $15.2 billion budget deficit this year and Proposition 6 would worsen the deficit by spending almost a billion dollars each year. With no new revenue source, this measure would limit the Legislature's and the Governor's spending decisions to funds and programs that are not subject to voter-approved funding formulas. A voter mandate for the State to fund Proposition 6 would threaten other state services in existence and, in addition, undoubtedly exacerbate this year's debate in Sacramento over whether or not to borrow from local government to pay for these new programs as outlined in this analysis.

Staff recommends that these proposed programs as outlined in Proposition 6 be vetted through the normal legislative process and include the discussion of establishing effective prevention, intervention, and rehabilitation programs that reduce violence and criminal activity and cost much less than incarceration. With the State's budget crisis, resources necessary for implementation of new programs is next to non-existent and existing programs funded by the General Fund should not be sacrificed. Historically, in the absence of new taxes at the state level, new funding comes at the expense of funding for current programs, including funding for local programs. Moreover, in tight budget times, new state funding frequently comes out of existing sources of local revenue.

Who are the bill's supporters and opponents?

Supporters of Proposition 6

The official sponsors of the initiative are Mike Reynolds, author of the original 3 Strikes Initiative, San Bernardino Fourth District Supervisor Gary Ovitt, and California State Senator George Runner. Supporters of Proposition 6 include the California State Sheriffs' Association, the California District Attorneys Association, CAL Chiefs, the Association for Los Angeles Deputy Sheriffs, and a number of county and local sheriffs.

Donors who support Proposition 6

The name of the official campaign committee supporting Prop. 6 is **Committee to Take Back Our Neighborhoods**

As of July 14, 2008, eight of the largest donors to Prop. 6 include: Henry Nicholas, $1,000,000; Larry Rasmussen, $200,000; Taxpayers for George Runner and George Runner for Senate 2008, together, $89,000; Committee to Elect Gary Ovitt, $50,000; The Golden State Bail Agents Association for Public Safety, $40,000, California Association of Healthcare Underwriters, $35,000, The Pechanga Band of Mission Indians, $25,000, The Peace Officer Research Association, $25,000.

Opposition to Proposition 6

The officially-filed committee opposing Proposition 6 is known as **No on Propositions 6 & 9, Communities for Safe Neighborhoods and Fiscal Responsibility**.

The opposition coalition includes the Los Angeles City Council, the San Francisco County Board of Supervisors, the Oakland City Council, the California Democratic Party, the California Professional Firefighters, the California Labor Federation, former Los Angeles Police Chief Bernard Parks, the California Teachers Association, California National Organization for Women, the League of Women Voters, California Church IMPACT and the Ella Baker Center for Human Rights.

What is the current status of the measure?

Proposition 6 will appear on November 4, 2008 Statewide Direct General Election Ballot.

Coordination of this analysis and recommendation:

This analysis and recommendation were coordinated with the City Manager's Office and the City Attorney's Office. The Police Department was also consulted and they provided a perspective on the measure.

Policy Alignment:

This analysis is consistent with the Council adopted 2008 Legislative Guiding Principles, and the Council adopted guidelines:

Protect and Increase Local Funding. No Unfunded Mandates

1. Ensure that mandated programs are linked to funding to offset the local costs.

Proposition 7 – Solar and Clean Energy Act of 2008 (Big Solar)

What issue does the measure address?

This measure attempts to speed up the rate at which California energy suppliers increase the percentage of renewable energy they include in their portfolios. Under this measure, all electric utilities (including municipally-owned utilities) will be required to provide half of their electricity from solar and clean energy facilities by 2025. This requirement doubles what utilities will be required to do by 2025 under the Renewable Portfolio Standard. That law requires the state's energy mix to be 20 percent renewable by 2010. California utilities are currently at a mix of 10.9% renewable. It is important to move away from fossil fuels in the generation of energy because of the ramifications of climate change for the state. The bill also increases the fines utilities could have levied against them in the event that they do not meet the measure's milestones.

How would the passage of this measure affect San José?

Staff anticipates that passage of Proposition 7 would reduce local control over the permitting of power generating facilities as it reduces the already limited role that cities have in the permitting process and increases the authority of the California Energy Commission. Additionally, many sources of renewable energy, which could be sourced locally might be located many miles from urban centers, for instance, in the California desert. This would increase the need for costly transmission infrastructure. In the short term, electrical rates may increase under this measure and decrease local sales tax revenue. The measure does not allow utilities to count renewable energy from renewable power plants smaller than 30 megawatts, essentially forcing them out of the market. This could potentially eliminate thousands of jobs and a major source of clean power which currently accounts for almost 60% of contracts under California's current renewable requirements.

What is staff's proposed Position?

The City should oppose this measure for the following reasons: 1) the measure reduces local input into the permitting of energy generation facilities; 2) the financial penalties for not achieving the renewable energy targets are increased substantially; 3) the proposition does not support local generation facilities; they could end up a substantial distance from the cities they support; 4) there is a real potential of increased energy costs for customers; and 5) the measure allows prices for renewable energy to be above market by 10%, thus stifling the market for renewable energy.

Who are the bill's supporters and opponents?

The official committee supporting Prop 7 is called **Californians for Solar and Clean Energy**.

The primary financial backer of the initiative is Peter Sperling (an Arizona billionaire whose fortune was made through Phoenix University). A backer of many democratic candidates, he has given $1.8 million to this measure.
Chief Spokesperson: Jim Gonzalez, a former San Francisco Supervisor
Additional supporters of Proposition 7 include:

- Neil Eisenberg - Chairman of the Board, The Oceanic Society
- James Gollin - Chair, Board of Directors, Rainforest Action Network
- Senator Martha Escutia (ret.) - Former Chair of the State Senate Energy Committee
- Randall Hayes - environmental activist
- Dolores Huerta - Co-Founder of the United Farmworkers Union
- Gordon Roddick - Environmental Activist and Co-Founder, The Body Shop
- Christine Pelosi - Former Executive Director, California Democratic Party

The opposition to Proposition 7 includes **Californians Against Another Costly Energy Scheme (http://www.noprop7.com/)**. The coalition lists over 80 organizations that oppose Proposition 7 including the California Democratic Party, the California Republican Party, AFSCME, the League of California Cities, the California League of Conservation Voters, Acterra, San Jose Conservation Corps, California Chamber of Commerce, California Solar Industry Association, and the California Taxpayer Protection Committee. PG & E and Southern California Edison Company both oppose the measure as well.

What is the current status of the measure?

Proposition 7 will appear on November 4, 2008 Statewide Direct General Election Ballot.

Coordination of this analysis and recommendation:
This analysis and recommendation were coordinated with the Environmental Services Department, the Office of Economic Development, and the City Attorney's Office.

Policy alignment:
This analysis is consistent with the Council adopted 2008 Legislative Guiding Principles, and the Council adopted guidelines:

Protect Local Control

5. Promote legislation and policies that increase local control of utility infrastructure.

Ensure Region's Competitiveness and Protect City Revenue Base

3. Oppose policies that undermine San Jose's competitiveness and the City's revenue base, or that adversely impact San Jose-based businesses.
5. Improve methods of assessment, collection and allocation of local revenues, and oppose efforts that threaten the sources and flexibility of existing revenues.

Promote Livability, Sustainable Development, and Environmental Protection

16. Provide funding to support alternative energy production such as power and conservation technology.
17. Support renewable energy.

Proposition 10 – California Alternative Fuel Vehicles and Renewable Energy Initiative

What issue does the measure address?

The initiative attempts to reduce climate change and dependence on fossil fuels by authorizing $5 billion in bonds that will be paid from the state's General Fund. The funds would be divided up for the following purposes:

1. 58% in cash payments of between $2,000 and $50,000 to purchasers of certain high fuel economy and alternative fuel vehicles;
2. 20% in incentives for research, development and production of renewable energy technology;
3. 11% in incentives for research and development of alternative fuel vehicle technology;
4. 5% in incentives for purchase of renewable energy technology;
5. 4% in grants to eight cities (not including San Jose) for education about these technologies; and
6. 3% in grants to colleges to train students in these technologies.

Primarily, it addresses the issue of affordability by underwriting the cost for individuals and businesses to buy low-emissions trucks and cars and vehicles that run on concentrated natural gas which is sold by the measure's primary underwriter. It is anticipated that the bonds would be paid back from the State's General Fund over 30 years and the total cost would be around $10 billion. The proposition makes no provisions for energy efficiency, an effective tool in reducing energy use, especially the use of fossil fuels.

How would the passage of this measure affect San José?

By obligating the State's General Fund to pay back $10 billion in bonds without new offsetting revenues, the state would have fewer funds to spend on other priorities such as schools, roads, transit systems and water projects. The measure could exacerbate existing financial shortfalls for cities. Because the bill does not specify San José to receive funding, the bill will not be as effective in achieving its goals nor will the City be as effective in achieving its Green Vision or Urban Environmental Accord goals. Because alternative fuel vehicles are well on their way to adequate adoption by the marketplace, substantial funds put towards vehicle purchase rebates are unnecessary. Additionally, other technologies have been determined to provide more viable vehicle alternatives to today's internal combustion engines than vehicles that run on concentrated natural gas. Among them are plug-in hybrids and electric vehicles. If this measure passes, it would increase the use of natural gas and may require more expensive infrastructure for transmission.

What is staff's proposed Position?

The City should oppose this proposition for the following reasons: 1) despite its being the State's third largest city in an area for known for innovation, San José is not among the cities to receive funds for education about renewable energy technologies; 2) the proposition is too prescriptive in the distribution of funds focusing too much on concentrated natural gas vehicles to the detriment of other more effective vehicle alternatives; 3) the market is already moving customers

towards better vehicle choices making the need for these rebates questionable; 4) the rebate amounts are too high; 5) because of the bonds the state would be obligated to repay, it has real potential to exacerbate existing fiscal shortfalls for cities; 6) ignores energy conservation as a first step; 7) exacerbates the State's precarious budget situation by obligating the general fund to pay back the bond to the tune of $10 billion.

Who are the bill's supporters and opponents?

Proposition 10 is being sponsored/supported by Allison Hart, Mitzi Dudley, and Thomas Daly (Christie, Parker and Hale, LLP, Pasadena) and Daniel K. Abramson (Reed and Davidson, LLP in Los Angeles) who filed the initial ballot language.

As of July 31, there have been two major listed donors to the initiative:

- The Clean Energy Fuels Corp., the country's largest supplier of natural gas for vehicles and which has donated $3,247,250.
- Aubrey McClendon, $500,000. McClendon lives in Oklahoma and is the co-founder of Chesapeake Energy.[11]

The Clean Energy Fuels Company is owned by T. Boone Pickens. Columnists have derided Pickens and Clean Energy Fuels for sponsoring this initiative because it may set up the company and Pickens for a financial windfall. The share price of Clean Energy increased by 20% from May-July 2008.

The opposition to Proposition 10 includes the Consumer Federation of California, a nonprofit consumer advocacy organization that campaigns for state and federal laws that protect consumers.

What is the current status of the measure?

Proposition 10 will appear on November 4, 2008 Statewide Direct General Election Ballot.

Coordination of this analysis and recommendation:

This analysis and recommendation were coordinated with the Environmental Services Department, the Office of Economic Development, and the City Attorney's Office.

Policy alignment:

This analysis is consistent with the Council adopted 2008 Legislative Guiding Principles, and the Council adopted guidelines:

Ensure Region's Competitiveness and Protect City Revenue Base

3. Oppose policies that undermine San José's competitiveness and the City's revenue base, or that adversely impact San José-based businesses.

Proposition 12 – Veterans' Bond Act of 2008

What issue does the measure address?

This ballot proposition is seeking voter approval of $900 million in general obligation bond sales to finance the veterans' farm and home purchase program (Cal-Vet). The voters approved a bond measure in November 2000 in the amount of $500 million. There are approximately $102 million of these authorized bonds that remain unsold; however the State Department of Veterans Affairs (DVA) projects that these bond proceeds will be depleted this year. There is currently pending federal legislation (HR 3997, the "Heroes Earnings Assistance Relief Tax Act of 2007") which will make veterans who have served after 1977 eligible for Qualified Veterans Mortgage Bonds. If this legislation is enacted, the DVA anticipates an increase in the number of applications for Cal-Vet loans increasing from veterans who are returning to California from Iraq and Afghanistan, which will further exhaust funds that are currently available for this program.

How would the passage of this measure affect San José?

Staff anticipates that passage of Proposition 12 would enable veterans living in San José to qualify for homebuyer assistance. The Santa Clara County Office of Veterans Services estimates that there are approximately 90,000 veterans living in the entire county. Data is not readily available on the number of San José residents currently serving in Iraq and Afghanistan.

What is staff's proposed Position?

The City should support this Proposition as it will create a fund to help veterans buy homes and mobilehome properties. The Cal-Vet program has already helped more than 420,000 veterans purchase a home. The California Legislative Analyst's Office estimates that this new bond program would provide loan assistance for an additional 3,600 veterans.

Who are the bill's supporters and opponents?

Governor Schwarzenegger has gone on record as supporting Proposition 12. SB 1572, the Veterans' Bond Act of 2008, which authorized the bonds for the Cal-Vet program, was sponsored by the Department of Veterans Affairs, the California Association of County Veterans Service Officers, the Department of Finance, the National Guard Association of California, and the Western Center on Law and Poverty. As of August 2008, there is not any registered opposition.

What is the current status of the measure?

Proposition 12 will appear on November 4, 2008 Statewide Direct General Election Ballot.

Coordination of this analysis and recommendation:

This analysis and recommendation were coordinated with the Housing Department and the City Attorney's Office.

Policy alignment: This analysis is consistent with the Council adopted 2008 Legislative Guiding Principles, and the Council adopted guideline: 16. Create new permanent sources of funding for affordable housing and both the State and Federal level.

QUICK-REFERENCE GUIDE

PROP 1 HIGH SPEED RAIL BONDS. LEGISLATIVE INITIATIVE AMENDMENT.

Removed from ballot

SUMMARY

Put on the Ballot by the Legislature

This act provides for the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century. For the purpose of reducing traffic on the state's highways and roadways, upgrading commuter transportation, improving people's ability to get safely from city to city, alleviating congestion at airports, reducing air pollution, and providing for California's growing population, shall the state build a high-speed train system and improve existing passenger rail lines serving the state's major population centers by creating a rail trust fund that will issue bonds totaling $9.95 billion, paid from existing state funds at an average cost of six hundred and forty-seven million dollars ($647 million) per year over the 30-year life of the bonds, with all expenditures subject to an independent audit? Fiscal Impact: State cost of $19.4 billion over 30 years to pay both principal and interest costs of the bonds. Payments would average about $647 million per year. Unknown operation and maintenance costs, probably over $1 billion annually; at least partially offset by passenger fares.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The state could sell $9.95 billion in general obligation bonds, to plan and to partially fund the construction of a high-speed rail system in California, and to make capital improvements to state and local rail services.

NO A NO vote on this measure means: The state could not sell $9.95 billion in general obligation bonds for these purposes.

ARGUMENTS

PRO California's transportation system is broken: skyrocketing gasoline prices, gridlocked freeways, and airports. High-speed trains are the new transportation option that reduces greenhouse gases that cause global warming and dependence on foreign oil. High-speed trains are cheaper than building new highways, airports, and runways to meet population growth without NEW TAXES.

CON This political boondoggle will cost taxpayers $19,200,000,000 in principal and interest. We need that money for schools, healthcare, and public safety. The bureaucrats could waste billions of taxpayer dollars before we see one inch of track. During California's biggest budget crisis we can't afford to spend billions on a pipedream.

FOR ADDITIONAL INFORMATION

FOR

Robert Pence
Californians For High Speed Trains – Yes on Proposition 1
455 Capitol Mall, Suite 801
Sacramento, CA 95814
(916) 551-2513
www.californiahighspeedtrains.com

AGAINST

Jon Coupal
Howard Jarvis Taxpayers Association
921 11th Street, Suite 1201
Sacramento, CA 95814
(916) 444-9950
info@hjta.org
www.hjta.org

PROP 2 STANDARDS FOR CONFINING FARM ANIMALS. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Requires that certain farm animals be allowed, for the majority of every day, to fully extend their limbs or wings, lie down, stand up and turn around. Limited exceptions apply. Fiscal Impact: Potential unknown decrease in state and local tax revenues from farm businesses, possibly in the range of several million dollars annually. Potential minor local and state enforcement and prosecution costs, partly offset by increased fine revenue.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Beginning in 2015, state law would prohibit, with certain exceptions, the confinement on a farm of pregnant pigs, calves raised for veal, and egg-laying hens in a manner that does not allow them to turn around freely, lie down, stand up, and fully extend their limbs.

NO A NO vote on this measure means: State law would not contain prohibitions specifically concerning the confinement of pregnant pigs, calves raised for veal, and egg-laying hens.

ARGUMENTS

PRO *YES on Prop. 2* protects animals, consumers, family farmers, and our environment. Animals deserve humane treatment. Denying them space to turn around or stretch their limbs is cruel and wrong. Supporters: Humane Society of the United States, California Veterinary Medical Association, Consumer Federation of America, Center for Food Safety. *www.YesOnProp2.org.*

CON Proposition 2 is too RISKY. Californians enjoy safe, local, affordable eggs. A UC Davis study says Proposition 2 eliminates California egg production. Instead, our eggs will come from out-of-state and Mexico. Public health experts oppose Proposition 2 because it THREATENS increased human exposure to Salmonella and Bird Flu. Vote No.

FOR ADDITIONAL INFORMATION

FOR

Jennifer Fearing
Yes on Prop. 2 – Californians for Humane Farms
1700 L Street
Sacramento, CA 95814
(323) 896-1126
info@YesOnProp2.org
www.YesOnProp2.org

AGAINST

Californians for SAFE Food
P.O. Box 71541
Los Angeles, CA 90071
(213) 362-9539
www.safecaliforniafood.org

QUICK-REFERENCE GUIDE

PROP 3 CHILDREN'S HOSPITAL BOND ACT. GRANT PROGRAM. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Authorizes $980,000,000 in general obligation bonds for construction, expansion, remodeling, renovation, furnishing and equipping of eligible children's hospitals. Fiscal Impact: State cost of about $2 billion over 30 years to pay off both the principal ($980 million) and interest ($933 million) costs of the bonds. Payments of about $64 million per year.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The state could sell $980 million in general obligation bonds for the construction, expansion, remodeling, renovation, furnishing, equipping, financing, or refinancing of children's hospitals.

NO A NO vote on this measure means: The state would not sell the $980 million in general obligation bonds proposed for these purposes.

ARGUMENTS

PRO Every day, California Children's Hospitals save lives. Children with leukemia, cancer, cystic fibrosis, heart disease, traumatic injury. 80% with leukemia are making it. 90% are coming through delicate heart surgery. Proposition 3 doesn't raise taxes. It gives the sickest kids in California the chance for a better life. Imagine that.

CON Diverts nearly $2 Billion (principal & interest) of *your* tax dollars to medical special interests promoting this bond, while Millions from a similar 2004 Measure remain unspent. "It's for the Children" is their lure; but it's our children we're saddling with debt. More debt Californians can't afford. Vote No.

FOR ADDITIONAL INFORMATION

FOR

Charity Bracy
California Children's Hospital Association
1215 K Street, Suite 1930
Sacramento, CA 95814
(916) 552-7111
cbracy@ccha.org
www.imaginewithus.org

AGAINST

National Tax Limitation Committee
151 N. Sunrise Ave. #901
Roseville, CA 95661
(916) 786-9400
NTLC@Surewest.net
www.Limittaxes.org

PROP 4 WAITING PERIOD AND PARENTAL NOTIFICATION BEFORE TERMINATION OF MINOR'S PREGNANCY. INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by Petition Signatures

Changes California Constitution, prohibiting abortion for unemancipated minor until 48 hours after physician notifies minor's parent, legal guardian, or, in limited cases, substitute adult relative. Provides an exception for medical emergency or parental waiver. Fiscal Impact: Potential unknown net state costs of several million dollars annually for health and social services programs, court administration, and state health agency administration combined.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The State Constitution would be changed to require that a physician notify, with certain exceptions, a parent or legal guardian of a pregnant minor at least 48 hours before performing an abortion.

NO A NO vote on this measure means: Minors would continue to receive abortion services to the same extent as adults. Physicians performing abortions for minors would not be subject to notification requirements.

ARGUMENTS

PRO Doctors, nurses, teachers, and LAW ENFORCEMENT endorse Proposition 4—Sarah's Law. Notification laws in thirty other states are reducing teen pregnancy and sexually transmitted diseases and protecting young girls from being victimized by older men. *STOP SEXUAL PREDATORS.* Join California District Attorneys who say *VOTE YES* on Prop. 4.

CON Prop. 4 is dangerous. Mandatory reporting laws can't force scared, pregnant teenagers to talk to parents, but may force them into back alleys, or worse. Prop. 4 won't protect teens from predators. Prop. 4 won't work, fosters more lawsuits, and puts teens at risk. To protect teens, Vote NO. (www.NoonProposition4.org)

FOR ADDITIONAL INFORMATION

FOR

Friends of Sarah
YES on 4 / Child and Teen Safety and Stop Predator Act: Sarah's Law
1703 India Street
San Diego, CA 92101
(866) 828-8355
info@YESon4.net
www.YESon4.net

AGAINST

Campaign for Teen Safety
555 Capitol Mall, Suite 510
Sacramento, CA 95814
(916) 804-4456
www.NoonProposition4.org

QUICK-REFERENCE GUIDE

PROP 5 NONVIOLENT DRUG OFFENSES. SENTENCING, PAROLE AND REHABILITATION. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Allocates $460,000,000 annually to improve and expand treatment programs. Limits court authority to incarcerate offenders who commit certain drug crimes, break drug treatment rules or violate parole. Fiscal Impact: Increased state costs potentially exceeding $1 billion annually primarily for expansion of offender treatment programs. State savings potentially exceeding $1 billion annually on corrections operations. Net one-time state prison capital outlay savings potentially exceeding $2.5 billion.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Drug treatment diversion programs available primarily for persons charged or convicted for a nonviolent drug possession crime would be expanded. Some parole violators would be diverted from state prison and parole terms would be reduced for others. New rehabilitation programs would be expanded for offenders before and after they leave prison. Some inmates might receive additional credits to reduce the time they stay in state prison. Possession of less than 28.5 grams of marijuana would have a lesser penalty than under current law.

NO A NO vote on this measure means: State and local governments would determine whether to expand existing drug treatment diversion programs in the future. State correctional officials would continue to have the discretion to return various categories of parole violators to state prison, and parole terms would remain at three years for most parolees. The state would not be obligated to further expand rehabilitation programs for inmates, parolees, and other offenders. The current rules for awarding credits to inmates to reduce their time in prison would continue. The penalty for possession of less than 28.5 grams of marijuana would remain unchanged.

ARGUMENTS

PRO Proposition 5 safely reduces prison overcrowding. For youth, it creates drug treatment programs. None now exist. For nonviolent offenders and parolees, it expands rehabilitation. Prop. 5 enlarges successful, voter-approved Proposition 36 (2000), providing treatment with close supervision and strict accountability for nonviolent drug offenders. Prop. 5 saves $2.5 billion.

CON Shortens parole for methamphetamine dealers from 3 years—to 6 months. Loophole allows defendants accused of child abuse, domestic violence, vehicular manslaughter, and other crimes to effectively escape prosecution. Strongly opposed by Mothers Against Drunk Driving (MADD). Establishes new bureaucracies. Reduces accountability. Could dramatically increase local costs and taxes.

FOR ADDITIONAL INFORMATION

FOR

NORA Campaign – Yes on 5
c/o Drug Policy Alliance Network
3470 Wilshire Blvd. #618
Los Angeles, CA 90010
(213) 382-6400
prop5@drugpolicy.org
www.Prop5yes.com

AGAINST

Tim Rosales
People Against the Proposition 5 Deception
2150 River Plaza Drive #150
Sacramento, CA 95833
info@NoOnProposition5.com
www.NoOnProposition5.com

PROP 6 POLICE AND LAW ENFORCEMENT FUNDING. CRIMINAL PENALTIES AND LAWS. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Requires minimum of $965,000,000 of state funding each year for police and local law enforcement. Makes approximately 30 revisions to California criminal law. Fiscal Impact: Increased net state costs exceeding $500 million annually due to increasing spending on criminal justice programs to at least $965 million and for corrections operating costs. Potential one-time state prison capital outlay costs exceeding $500 million.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The state would be required to increase spending for specified state and local criminal justice programs to at least $965 million in 2009–10, an increase of $365 million, growing in future years. Sentences also would be increased for certain crimes—such as crimes related to gangs, methamphetamine sales, and vehicle theft—resulting in more offenders being sent to state prison and for longer periods of time. The measure would make various other criminal justice changes related to such things as parole agent caseloads and use of hearsay evidence.

NO A NO vote on this measure means: The state Legislature and Governor would continue to have their current authority over the state funding levels provided for specified criminal justice programs. Criminal penalties would not be increased. Parole caseloads and use of hearsay evidence would remain unchanged.

ARGUMENTS

PRO Every California Sheriff supports Proposition 6. YES on 6 is a comprehensive anti-gang and crime reduction measure that will bring more cops and increased safety to our streets. It returns taxpayers' money to local law enforcement without raising taxes and will increase efficiency and accountability for public safety programs.

CON Proposition 6 WILL take $1,000,000,000 from schools, healthcare, fire protection, and proven public safety programs. Prop. 6 WON'T guarantee more police on the street and WON'T even fund proven gang prevention programs. Prop. 6 WILL spend more money on prisons and jails. Vote NO on Prop. 6!

FOR ADDITIONAL INFORMATION

FOR

Yes on Prop. 6 – Safe Neighborhoods Act
925 University Ave.
Sacramento, CA 95825
(916) 214-5709
info@safeneighborhoodsact.com
www.safeneighborhoodsact.com

AGAINST

Richard Rios
No on Propositions 6 & 9
555 Capitol Mall, Suite 1425
Sacramento, CA 95814
(916) 442-2952
www.votenoprop6.com

QUICK-REFERENCE GUIDE

PROP 7 RENEWABLE ENERGY GENERATION. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Requires government-owned utilities to generate 20% of their electricity from renewable energy by 2010, a standard currently applicable to private electrical corporations. Raises requirement for all utilities to 40% by 2020 and 50% by 2025. Fiscal Impact: Increased state administrative costs up to $3.4 million annually, paid by fees. Unknown impact on state and local government costs and revenues due to the measure's uncertain impact on retail electricity rates.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Electricity providers in California, including publicly owned utilities, would be required to increase their proportion of electricity generated from renewable resources, such as solar and wind power, beyond the current requirement of 20 percent by 2010, to 40 percent by 2020 and 50 percent by 2025, or face specified penalties. The requirement for privately owned electricity providers to acquire renewable electricity would be limited by a cost cap requiring such acquisitions only when the cost is no more than 10 percent above a specified market price for electricity. Electricity providers who fail to meet the renewable resources requirements would potentially be subject to a 1 cent per kilowatt hour penalty rate set in statute, without a cap on the total annual penalty amount. The required time frames for approving new renewable electricity plants would be shortened.

NO A NO vote on this measure means: Electricity providers in California, except publicly owned ones, would continue to be required to increase their proportion of electricity generated from renewable resources to 20 percent by 2010. The current requirements on privately owned utilities to purchase renewable electricity would continue to be limited by an annual cost cap on the total amount of such purchases. Electricity providers would continue to be subject to the existing penalty process, in which the penalty rate (currently 5 cents per kilowatt-hour) and a total annual penalty cap (currently $25 million per provider) are set administratively. The required time frames for approving new renewable electricity plants would not be shortened.

ARGUMENTS

PRO Vote Yes on 7 to require all utilities to provide 50% renewable electricity by 2025. Support solar, wind, and geothermal power to combat rising energy costs and global warming. Proposition 7 protects consumers, and favors solar and clean energy over expensive fossil fuels and dangerous offshore drilling.

CON Prop. 7: opposed by leading environmental groups, renewable power providers, taxpayers, business, and labor. 7 is poorly drafted, results in *less* renewable power, *higher* electric rates, and potentially another energy crisis. 7 forces small renewable companies out of California's market. Power providers could always charge 10% above market rates. *www.NoProp7.com*

FOR ADDITIONAL INFORMATION

FOR

Jim Gonzalez
Californians for Solar and Clean Energy
1830 N Street
Sacramento, CA 95811
(916) 444-2425 / 449-6190
jim@jimgonzalez.com
www.Yeson7.net

AGAINST

Californians Against Another Costly Energy Scheme
(866) 811-9255
www.NoProp7.com

PROP 8 ELIMINATES RIGHT OF SAME-SEX COUPLES TO MARRY. INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by Petition Signatures

Changes California Constitution to eliminate the right of same-sex couples to marry. Provides that only marriage between a man and a woman is valid or recognized in California. Fiscal Impact: Over next few years, potential revenue loss, mainly sales taxes, totaling in the several tens of millions of dollars, to state and local governments. In the long run, likely little fiscal impact on state and local governments.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The California Constitution will specify that only marriage between a man and a woman is valid or recognized in California.

NO A NO vote on this measure means: Marriage between individuals of the same sex would continue to be valid or recognized in California.

ARGUMENTS

PRO Proposition 8 restores what 61% of voters already approved: marriage is only between a man and a woman. Four judges in San Francisco should not have overturned the people's vote. Prop. 8 fixes that mistake by reaffirming traditional marriage, but doesn't take away any rights or benefits from gay domestic partners.

CON Equality under the law is a fundamental freedom. Regardless of how we feel about marriage, singling people out to be treated differently is wrong. Prop. 8 won't affect our schools, but it will mean loving couples are treated differently under our Constitution and denied equal protection under the law. www.NoonProp8.com

FOR ADDITIONAL INFORMATION

FOR

ProtectMarriage.com – Yes on Proposition 8
915 L Street #C-259
Sacramento, CA 95814
(916) 446-2956
www.protectmarriage.com

AGAINST

Equality for ALL
NO on Proposition 8
921 11th Street, 10th Floor
Sacramento, CA 95814
(916) 717-1411
www.NoonProp8.com

QUICK-REFERENCE GUIDE

PROP 9 CRIMINAL JUSTICE SYSTEM. VICTIMS' RIGHTS. PAROLE. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Requires notification to victim and opportunity for input during phases of criminal justice process, including bail, pleas, sentencing and parole. Establishes victim safety as consideration for bail or parole. Fiscal Impact: Potential loss of state savings on prison operations and increased county jail costs amounting to hundreds of millions of dollars annually. Potential net savings in the low tens of millions of dollars annually on parole procedures.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Crime victims would have additional constitutionally guaranteed rights, such as the right to participate in any public criminal proceedings. Payments of restitution to crime victims would be required without exception, and any funds collected from offenders ordered to pay restitution would go to pay that obligation before any other. Inmates with life sentences who were denied parole would generally have to wait longer before being considered again for release. Some parolees facing revocation and return to prison may no longer be represented by legal counsel. Early release of inmates to reduce prison or jail overcrowding would be restricted in certain circumstances.

NO A NO vote on this measure means: Victims will continue to have the statutory right to be notified of certain criminal justice proceedings, such as sentencing and parole proceedings. Whether victim restitution would be ordered would remain subject to a judge's discretion, and the manner in which money collected from defendants is distributed would remain unchanged. Current waiting periods for parole revocation hearings and parole consideration would remain unchanged. All parolees would continue to be entitled to receive legal representation at parole hearings. State and local governments could take steps to release inmates early to reduce jail and prison overcrowding.

ARGUMENTS

PRO California's constitution gives convicted criminals generous rights. Crime victims don't have similar protections. Prop. 9 improves public safety and justice, giving victims enforceable constitutional rights. It saves taxpayers millions and prevents politicians from releasing criminals just to ease overcrowding. It's endorsed by victims, law enforcement, Republicans, and Democrats. Vote YES.

CON Prop. 9 asks voters to support victims' rights already protected under state law. The hundreds of millions it drains from state and local government doesn't go to crime victims, it goes toward building more prisons! It places complex, duplicative laws into the Constitution, making modernization nearly impossible. Vote No.

FOR ADDITIONAL INFORMATION

FOR
Randle Communications
925 L Street, Suite 1275
Sacramento, CA 95814
(916) 448-5802
Yesonprop9@gmail.com

AGAINST
Richard Rios
No on Propositions 6 & 9
555 Capitol Mall, Suite 1425
Sacramento, CA 95814
(916) 442-2952
www.votenoprop9.com

PROP 10 ALTERNATIVE FUEL VEHICLES AND RENEWABLE ENERGY. BONDS. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Authorizes $5 billion in bonds paid from state's General Fund, to help consumers and others purchase certain vehicles, and to fund research in renewable energy and alternative fuel vehicles. Fiscal Impact: State cost of about $10 billion over 30 years to repay bonds. Increased state and local revenues, potentially totaling several tens of millions of dollars through 2019. Potential state administrative costs up to about $10 million annually.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The state could sell $5 billion in general obligation bonds for various renewable energy, alternative fuel, energy efficiency, and air emissions reduction purposes.

NO A NO vote on this measure means: The state would not sell $5 billion in general obligation bonds for these purposes.

ARGUMENTS

PRO YES ON 10: ENERGY INDEPENDENCE AND CLEAN AIR. PRODUCES more electricity from renewable sources, including solar and wind. GIVES Californians rebates to purchase clean alternative fuel vehicles. GETS polluting diesels off roads. INCREASES grants to California universities to develop cheaper alternatives to gasoline. REQUIRES strict accountability/audits. No new taxes.

CON Proposition 10 is special interest legislation which gives away $10 billion in taxpayer dollars to primarily benefit one company with little accountability and NO guarantees of environmental benefit. Don't hurt our schools and services in a time of budget crisis. Vote NO on Prop. 10!

FOR ADDITIONAL INFORMATION

FOR
Californians for Energy Independence – Yes on Prop. 10
1415 L Street, Suite 430
Sacramento, CA 95814
info@prop10yes.com
www.prop10yes.com

AGAINST
Consumer Federation of California
520 S. El Camino Real, Suite 340
San Mateo, CA 94402
(650) 375-7840
www.votenoonprop10.com

QUICK-REFERENCE GUIDE

PROP 11 REDISTRICTING. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Changes authority for establishing state office boundaries from elected representatives to commission. Establishes multilevel process to select commissioners from registered voter pool. Commission comprised of Democrats, Republicans, and representatives of neither party. Fiscal Impact: Potential increase in state redistricting costs once every ten years due to two entities performing redistricting. Any increase in costs probably would not be significant.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Boundaries for State Senate, Assembly, and Board of Equalization districts would be drawn by a new commission made up of California registered voters. Boundaries for U.S. House of Representatives districts would continue to be drawn by the Legislature.

NO A NO vote on this measure means: Boundaries for State Senate, Assembly, Board of Equalization, and U.S. House of Representatives districts would continue to be drawn by the Legislature.

ARGUMENTS

PRO YES on 11 ends the conflict of interest of politicians drawing their own election districts. 11 means *fair districts drawn by a citizens commission following clear rules and open to the public.* It holds *politicians accountable for solving problems like gas prices, healthcare, and education.* Yes on 11—CHANGE Sacramento.

CON Politicians paid millions to put Prop. 11 on the ballot to change the Constitution, create a costly new bureaucracy, and give the power of drawing districts to people who are *never elected* and *never accountable to voters.* Read it yourself. Preserve the power of your vote! Vote No!

FOR ADDITIONAL INFORMATION

FOR
Yes on Prop. 11
(916) 325-0056
info@yesprop11.org
www.yesprop11.org

AGAINST
Renée Sankus
Citizens for Accountability. No on Prop. 11
555 Capitol Mall, Suite 1425
Sacramento, CA 95814
(916) 443-5900
Stopthepowergrab@yahoo.com
www.noonprop11.org

PROP 12 VETERANS' BOND ACT OF 2008.

SUMMARY

Put on the Ballot by the Legislature

This act provides for a bond issue of nine hundred million dollars ($900,000,000) to provide farm and home aid for California veterans. Fiscal Impact: Costs of about $1.8 billion to pay off both the principal ($900 million) and interest ($856 million) on the bonds; costs paid by participating veterans. Average payment for principal and interest of about $59 million per year for 30 years.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The state would be able to issue $900 million in general obligation bonds to provide loans for the veterans' farm and home purchase (Cal-Vet) program.

NO A NO vote on this measure means: The state would not be able to issue these bonds for this purpose.

ARGUMENTS

PRO The time-honored Cal-Vet Home Loan Program helps veterans to purchase homes in California at no expense to taxpayers. Voter approved bonds finance the Program and are repaid, along with all program costs, by the loan holders. This measure would replenish the program's funding. We urge your support.

CON Proposition 12 would authorize the sale of another $900 million in bonds to provide low-interest home (and farm) loans to "veterans." Voters may wish to end the program or insist that it be limited to the most needy and deserving veterans—such as those injured in combat.

FOR ADDITIONAL INFORMATION

FOR
JP Tremblay or Jerry Jones
California Dept. of Veterans Affairs
1227 O Street
Sacramento, CA 95814
(916) 653-2192
www.cdva.ca.gov

AGAINST
Gary Wesley
Attorney at Law
707 Continental Circle
Mountain View, CA 94040
(408) 882-5070
gwesley00@yahoo.com

PROPOSITION

3 CHILDREN'S HOSPITAL BOND ACT. GRANT PROGRAM. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY | PREPARED BY THE ATTORNEY GENERAL

CHILDREN'S HOSPITAL BOND ACT. GRANT PROGRAM. INITIATIVE STATUTE.

- Authorizes $980,000,000 in bonds, to be repaid from state's General Fund, to fund the construction, expansion, remodeling, renovation, furnishing and equipping of children's hospitals.
- Designates that 80 percent of bond proceeds go to hospitals that focus on children with illnesses such as leukemia, cancer, heart defects, diabetes, sickle cell anemia and cystic fibrosis.
- Requires that qualifying children's hospitals provide comprehensive services to a high volume of children eligible for governmental programs and meet other requirements.
- Designates that 20 percent of bond proceeds go to University of California general acute care hospitals.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State cost of about $2 billion over 30 years to pay off both the principal ($980 million) and the interest ($933 million) costs of the bonds. Payments of about $64 million per year.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Children's hospitals focus their efforts on the health care needs of children by providing diagnostic, therapeutic, and rehabilitative services to injured, disabled, and sick infants and children. Many children receiving services in these hospitals are from low-income families and have significant health care needs.

Proposition 61, which voters approved at the November 2004 statewide general election, authorized the sale of $750 million in general obligation bonds to provide funding for children's hospitals. The eligibility criteria for hospitals to receive funds under Proposition 61 is the same under this measure. As of June 1, 2008, about $403 million of the funds from Proposition 61 had been awarded to eligible hospitals.

PROPOSAL

This measure authorizes the state to sell $980 million in general obligation bonds for capital improvement projects at children's hospitals. The measure specifically identifies the five University of California children's hospitals as eligible bond fund recipients. There are additional children's hospitals that are likely to meet other eligibility criteria specified in the measure, which are based on hospitals' performance in the 2001–02 fiscal year. These criteria include providing at least 160 licensed beds for infants and children. Figure 1 lists these children's hospitals.

Figure 1
Children's Hospitals Eligible for Bond Funds

Specifically Identified as Eligible—20 Percent of Total Funds
Mattel Children's Hospital at University of California, Los Angeles
University Children's Hospital at University of California, Irvine
University of California, Davis Children's Hospital
University of California, San Diego Children's Hospital
University of California, San Francisco Children's Hospital
Likely to Be Eligible Hospitals—80 Percent of Total Funds
Rady Children's Hospital, San Diego (formerly Children's Hospital and Health Center, San Diego)
Children's Hospital Los Angeles
Children's Hospital and Research Center at Oakland
Children's Hospital of Orange County
Loma Linda University Children's Hospital
Lucile Salter Packard Children's Hospital at Stanford
Miller's Children's Hospital, Long Beach
Children's Hospital Central California

For more information regarding general obligation bonds, please refer to the section of this ballot pamphlet entitled "An Overview of State Bond Debt."

The money raised from the bond sales could be used for the construction, expansion, remodeling, renovation, furnishing, equipping, financing, or refinancing of children's hospitals in the state. Eighty percent of the monies would be available to nonprofit children's hospitals and the remaining 20 percent would be available to University of California children's hospitals. The monies provided could not exceed the total cost of a project, and funded projects would have to be completed "within a reasonable period of time."

Children's hospitals would have to apply in writing for funds. The California Health Facilities Financing Authority (CHFFA), an existing state agency, would be required to develop the grant application. It must process submitted applications and award grants within 60 days. The CHFFA's decision to award a grant would be based on several factors, including whether the grant would contribute toward the expansion or improvement of health care access for children who are eligible for governmental health insurance programs, or who are indigent, underserved, or uninsured; whether the grant would contribute toward the improvement of child health care or pediatric patient outcomes; and whether the applicant hospital would promote pediatric teaching or research programs.

FISCAL EFFECTS

The cost of these bonds to the state would depend on the interest rates obtained when they were sold and the time period over which this debt would be repaid. If the $980 million in bonds authorized by this measure were sold at an interest rate of 5 percent and repaid over 30 years, the cost to the state General Fund would be about $2 billion to pay off both the principal ($980 million) and the interest ($933 million). The average payment for principal and interest would be about $64 million per year. Administrative costs would be limited to CHFFA's actual costs or 1 percent of the bond funds, whichever is less. We estimate these costs will be minor.

For text of Proposition 3, see page 82.

★ ARGUMENT IN FAVOR OF PROPOSITION 3 ★

Parents of seriously ill children, like us, appreciate the value of California's Children's Hospitals. Our children received the specialized care they needed and couldn't get anywhere else.

Over 1 MILLION times each year, California Children's Hospitals treat children with the most serious illnesses and injuries. Children facing life-threatening diseases like LEUKEMIA, CANCER, HEART DEFECTS, SICKLE CELL ANEMIA, DIABETES, CYSTIC FIBROSIS, and countless other rare conditions are cared for at regional Children's Hospitals every day, without regard to a family's income or ability to pay.

Children are referred to these pediatric centers of excellence by other hospitals and physicians from throughout California for the specialized treatment they need. Children's Hospitals provide:

- 88% of the inpatient care for children who need heart surgery;
- 97% of all surgery for children who need organ transplants; and
- 71% of inpatient care for children with cancer.

Imagine that.

Children's Hospitals save hundreds of children's lives EVERY DAY. Many children are cured. Others have their young lives extended for many years. And all have the quality of their lives improved. Today, almost 90% OF CHILDREN BORN WITH HEART DEFECTS can be cured or helped considerably by surgery. The SURVIVAL RATE OF CHILDREN WITH LEUKEMIA IS 80%. Imagine that.

The nation's premier pediatric research centers are in Regional Children's Hospitals making them the source of medical discoveries and advancements that benefit all children. PROPOSITION 3 WILL ALLOW CHILDREN'S HOSPITALS TO PURCHASE THE LATEST MEDICAL TECHNOLOGIES and special equipment for sick babies born prematurely, seriously underweight, or with defective organs.

PROPOSITION 3 DOES NOT RAISE TAXES. The bonds are an investment in the lives of millions of children who will be cared for over the next 30 years.

Children's Hospitals do not have enough room to handle the growing number of seriously ill and injured children sent to them every day. PROPOSITION 3 FUNDS WILL HELP CHILDREN'S HOSPITALS BUILD MORE BED CAPACITY AND BUY ESSENTIAL EQUIPMENT TO ENSURE THAT ALL CALIFORNIA CHILDREN can get the same excellent care our children got.

These University and nonprofit charitable hospitals need our help! Children with Heart Disease or Cystic Fibrosis or Cancer have to be admitted over and over to a Children's Hospital to stabilize and treat their life threatening and debilitating illnesses. Children's Hospitals have the specialists to improve the quality of kids' lives, helping them stay at home and stay in school.

THE MOST SERIOUSLY ILL AND INJURED CHILDREN ARE BEING SAVED EVERY DAY AT A CHILDREN'S HOSPITAL! The doctors, nurses, and staff at Children's Hospitals are unlike any other people you will ever meet. Their lives are dedicated to a mission. And that mission is to treat children with the most serious and deadly diseases like Leukemia, Cancer, Heart Defects, Sickle Cell Anemia, Diabetes, and Cystic Fibrosis.

We can imagine a California where all seriously ill and injured children receive the same care our children got. IMAGINE WITH US. Please join our families and millions of others whose children need California's Children's Hospitals. PLEASE VOTE YES ON PROPOSITION 3.

ROBIN MEEKS, Parent
MINDY VAZQUEZ, Parent
DIANE GIBSON, Parent

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 3 ★

Our economy is in trouble. Families are struggling financially. Our state government cannot balance its books. Now is NOT the time to saddle ourselves, our children, and our grandchildren with more debt.

The campaign managers for Proposition 3 know they tug at voters' heartstrings by framing Proposition 3 as "for the children." But the direct beneficiaries are medical supply houses, pharmaceutical companies, hospital administrators, and other special interests. They will receive nearly $1 Billion of the taxpayers' money after "investing" a small amount to qualify and campaign for this initiative. *This is a terrible abuse of the initiative process.*

Those behind Prop. 3 are not telling you another important fact—that unspent funds from the earlier "children's hospital bond" (Prop. 61 in 2004) are still available. Instead of spending the money that voters have already authorized, they are demanding more—even though our economy is struggling, and competition for those dollars is fierce.

Proponents claim: "Proposition 3 does not raise taxes." Who would they have you believe pays the bill? The tooth fairy? This bond's principal and interest (nearly $2 billion over 30 years) will be paid for by our children and grandchildren. Soon, either taxes will be raised or other state expenditures, such as schools, law enforcement, or parks, will be reduced. There is no "free lunch."

In these troubled economic times, Californians cannot afford big new spending and the massive debt that comes with it. *Vote NO on Prop. 3.*

LEWIS K. UHLER, President
National Tax Limitation Committee
TED GAINES, California State Assemblyman
JAMES V. LACY, Director
American Conservative Union

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

★ ARGUMENT AGAINST PROPOSITION 3 ★

At a time when California is already deeply in debt, when its residents' ability to pay off bonded debt is questionable and its credit rating causes bond interest rates to soar, adding bonded indebtedness for anything but the most essential infrastructure is unwise to the point of absurdity.

But even if more bond debt were not an issue, this measure is badly flawed. This nearly $1 billion bond measure is another abuse of the initiative process in that it has been bought and paid for by the special interests (hospitals, their administrators, and staffs), who will benefit directly, personally, and monetarily from its passage.

And this is not the first time that these same special interests have turned to the initiative process. In 2004 they sponsored a carbon copy of this initiative for $750 million. They are back again, this time for even *more*. And yet hundreds of millions of dollars from the earlier bond (Prop. 61) remain unspent. Remember, these are not impoverished institutions. Several are part of the well-funded University of California system, and the others have substantial private and foundation support.

This gigantic spending initiative is framed as helping "children's hospitals," using "children" as the justification for circumventing the normal legislative process by which state spending priorities are better determined. Yet a careful reading of the definition of "children's hospital" reveals that 80% of the money may go to *any* acute hospital so long as it treats children, among other patients. It appears that a driving force behind this measure is to provide a backdoor way of compensating hospitals for treating indigents (including illegal aliens) who don't pay their way through the front door.

While this bond measure represents that the proceeds will be used for capital improvements, the definitions are so loose that it appears funds can flow to finance or reimburse just about any project a creative grant-writer is nimble enough to "sell" to the bond fund decision-makers. And "selling" isn't tough, because the decision-makers are all part of the same team—and nearly $10 million of the bond funds are available for "administrative costs," i.e., paying grant writers and others.

Any one of the acute general hospitals that qualifies under this measure may receive a grant of up to $98 million. Is it any wonder that the hospitals which stand to benefit directly from this measure have been eager to fund the signature-gathering and the campaign for this measure?

Proponents hope you will react emotionally to their framing of this measure: it's "for the children." Don't be swayed by the labeling. You have a chance to stop this special-interest abuse of the initiative process and discourage others from misusing it in the future.

And remember who will pay the bill for the bond over the next 30 years: your children and grandchildren. If you really want to help them, don't saddle them with more debt of this kind.

LEWIS K. UHLER, President
National Tax Limitation Committee
EDWARD 'TED' COSTA, President
People's Advocate
JON FLEISCHMAN, Publisher
Flashreport.org

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 3 ★

The opponents of our Children's Hospitals say, "bonded indebtedness for anything but the most essential infrastructure is unwise."

We ask you, what is more essential than investing in hospitals where over one million times each year California children are treated for traumatic injuries and illnesses like cancer, leukemia, heart defects, sickle cell anemia, and cystic fibrosis? What infrastructure is more vital than the technology and facilities for neonatal care and organ transplants for children?

Proposition 3 is an investment in the health of California children whose lives will be saved over the next 30 years.

The university and nonprofit charitable Children's Hospitals that meet the strict eligibility standards of Proposition 3 are 100% dedicated to the most seriously ill and injured kids in California. Children's Hospital Bond funds are rigorously accounted for and controlled by the State Treasurer. And Proposition 3—with principal and interest—is one of the smallest bonds ever.

These opponents cross the line when they attack the integrity of the people who have dedicated their lives to saving our children. These three men recklessly argue that the people who do this good work will "benefit directly, personally, and monetarily" from the bond. Their whole argument is mean-spirited, hypocritical, and untrue. Proposition 3 is a sound investment with a return that is . . . priceless.

Parents of seriously ill children, like us, appreciate the value of California's Children's Hospitals. Our children received the specialized care they needed and couldn't get anywhere else.

Please vote Yes on 3.

ROBIN MEEKS, Parent
MINDY VAZQUEZ, Parent
DIANE GIBSON, Parent

PROPOSITION 5

NONVIOLENT DRUG OFFENSES. SENTENCING, PAROLE AND REHABILITATION. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

NONVIOLENT DRUG OFFENSES. SENTENCING, PAROLE AND REHABILITATION. INITIATIVE STATUTE.

- Allocates $460,000,000 annually to improve and expand treatment programs for persons convicted of drug and other offenses.
- Limits court authority to incarcerate offenders who commit certain drug crimes, break drug treatment rules or violate parole.
- Substantially shortens parole for certain drug offenses; increases parole for serious and violent felonies.
- Divides Department of Corrections and Rehabilitation authority between two Secretaries, one with six year fixed term and one serving at pleasure of Governor. Provides five year fixed terms for deputy secretaries.
- Creates 19 member board to direct parole and rehabilitation policy.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased state costs over time potentially exceeding $1 billion annually primarily for expanding drug treatment and rehabilitation programs for offenders in state prisons, on parole, and in the community.
- State savings over time potentially exceeding $1 billion annually due primarily to reduced prison and parole operating costs.
- Net one-time state savings on capital outlay costs for prison facilities that eventually could exceed $2.5 billion.
- Unknown net fiscal effect on county operations and capital outlay.

ANALYSIS BY THE LEGISLATIVE ANALYST

SUMMARY

This measure (1) expands drug treatment diversion programs for criminal offenders, (2) modifies parole supervision procedures and expands prison and parole rehabilitation programs, (3) allows inmates to earn additional time off their prison sentences for participation and performance in rehabilitation programs, (4) reduces certain penalties for marijuana possession, and (5) makes miscellaneous changes to state law related mainly to state administration of rehabilitation and parole programs for offenders. Each of these proposals is discussed separately below as well as their combined fiscal effects on the state and local governments.

PROPOSALS

Expansion of Drug Treatment Diversion Programs

Background

Probation and Parole. Currently, courts can place both adult and juvenile offenders under supervision in the community, where they must meet certain requirements, such as reporting on a regular basis to authorities. Offenders supervised by county authorities are "on probation." Offenders who have completed a prison sentence and who are supervised by the state are "on parole."

Three Types of Crimes. Under current state law, there are three basic kinds of crimes: felonies, misdemeanors, and infractions. A felony, the most severe type of crime, can result in a sentence to state prison, county jail, a fine, supervision on county probation in the community, or some combination of these punishments. Some felonies are designated in statute as violent or serious crimes that can result in additional punishment, such as a longer term in state prison.

Misdemeanors are considered less serious and can result in a jail term, probation, a fine, or release to the community without probation but with certain conditions imposed by the court. State law defines certain drug crimes as "nonviolent drug possession offenses," which can be either felonies or misdemeanors. Infractions, which include violations of certain traffic laws, do not result in a prison or jail sentence.

State Prison System. The state operates 33 state prisons and other facilities that had a combined adult inmate population of about 171,000 as of May 2008. The costs to operate the California Department of Corrections and Rehabilitation (CDCR) in 2008–09 are estimated to be approximately $10 billion. The average annual cost to incarcerate an inmate is estimated to be about $46,000. The state prison system is currently experiencing overcrowding because there are not enough permanent beds available for all inmates. As a result, gymnasiums and other rooms have been converted to house some inmates.

New Adult Diversion Programs Established

Three-Track System. Currently, several programs permit criminal offenders who have committed drug-related offenses, or who have substance abuse problems, to be diverted from prison or jail to other forms of punishment. (These programs are described in the nearby text box.) This measure expands and largely replaces these existing programs with a new three-track drug treatment diversion program. Figure 1 summarizes which offenders are eligible for each track and their period of participation.

General Effect of These Changes. In general, the new Tracks I, II, and III would expand the types of offenders who are eligible for diversion, and expand and intensify the services provided to offenders mainly by increasing the funding available to pay for them. While participants in existing Penal Code 1000 programs must usually pay the out-of-pocket cost of their drug treatment, this measure generally provides funding to counties for participants in treatment under Track I, as well as other tracks. Offenders in all three tracks would generally receive the same types of drug treatment services that assessments determined they needed. This could include treatment in clinics or residential facilities, the dispensing of medication such as methadone, or the provision of mental health services.

However, the three tracks would vary in eligibility requirements, period of participation, level of supervision, and when and how sanctions, such as incarceration in prison or jail, could be imposed on offenders who violate drug treatment diversion program rules or commit new drug-related offenses. The measure permits offenders who have failed in Track I to be shifted to Track II, where they may face more severe sanctions. Similarly, offenders who have failed in Track II may be moved to Track III, where more severe sanctions would be possible. This measure would also require follow-up hearings in court when an offender fails to begin assigned treatment.

Finally, this measure would require the collection and publication of data, specified reports, and research into the effect of this measure and other drug policy issues.

Funding Provisions. The *2007–08 Budget Act* appropriated $100 million from the General Fund to the Substance Abuse Treatment Trust Fund (SATTF), which was initially created under Proposition 36 to support treatment programs and other allowable activities. This measure appropriates $150 million from the General Fund to the SATTF for the second half of 2008–09 and $460 million in 2009–10, increasing annually thereafter, adjusted for the cost of living and population. After monies are set aside for certain administrative and program costs, the measure designates 15 percent of the remainder for Track I programs, 60 percent for Track II programs, and 10 percent for Track III programs.

Existing Drug Treatment Diversion Programs

In general, state law authorizes three main types of drug treatment diversion programs for criminal offenders.

- ***Penal Code 1000.*** Under Penal Code 1000 and related statutes, certain drug possession offenders who have no prior drug offenses can be diverted to drug education or treatment programs, usually at their own expense, under a "deferred entry of judgment" arrangement. This means that the offender must plead guilty to the drug possession charges but that sentencing for the crime is suspended. If, after 18 months to three years, the offender successfully completes a drug treatment program and stays out of trouble, the charges against the offender are dismissed and the offense does not go on his or her record.
- ***Proposition 36.*** Proposition 36, a ballot measure approved by the voters in November 2000, established a drug treatment diversion program for offenders who are convicted of specific crimes designated as nonviolent drug possession offenses. Under Proposition 36, an offender can be sentenced to probation and treatment, instead of prison or jail. Some parole violators are also eligible for Proposition 36 diversion. Proposition 36 limits when and how sanctions, such as jail or prison time, are imposed on offenders who violate the conditions of their drug treatment programs or commit new drug possession crimes.
- ***Drug Courts.*** Under drug court programs operated for adult felons, certain offenders charged or convicted of various types of crimes, including drug offenses, are diverted to treatment in lieu of incarceration. Drug court participants are subject to regular monitoring by a court (as well as by probation officers and drug treatment providers), with judges generally given discretion as to when and how to impose sanctions if participants do not comply with drug program rules or commit new crimes.

For text of Proposition 5, see page 86.

Figure 1
Proposition 5
Tracks I, II, and III—Eligibility and Period of Participation

	Eligibility Requirements	Time Period in Diversion
Track I	***Who Is Included:*** • Offender charged with nonviolent drug possession offenses who is eligible for deferred entry of judgment programs. A prosecutor would have the burden of proof to show that an offender was ineligible. • Offender charged with one or more nonviolent drug possession offenses. ***Who Is Excluded:*** • Offender would be excluded if he or she has (1) current or prior conviction for a violent or serious offense or (2) prior conviction for any felony within the prior five years. However, an offender with one prior conviction for a nonviolent drug possession offense would be eligible. • Generally, an offender would be excluded if charged with a non-drug related offense, but a judge would have the discretion to allow participation.	• 6 to 18 months.
Track II	***Who Is Included:*** • Generally, offender convicted of a nonviolent drug possession offense who is sentenced to treatment and probation. ***Who Is Excluded:*** • Cannot include offender eligible for Track I. • Offender generally excluded if previously convicted of a violent or serious crime. However, an offender who, within the prior five years, had not been in prison and did not have certain felony or misdemeanor convictions would be eligible. • Offender would be excluded if he or she possessed certain drugs while armed with a deadly weapon; or had five or more convictions for any types of offenses in the prior 30 months. • Offender would generally be excluded if convicted of other felonies or misdemeanors at the same time as a new drug charge. However, a judge could declare an offender convicted of such a misdemeanor eligible for Track II diversion.	• Generally up to 12 months. • The court can order up to two, 6-month extensions, for a maximum of 24 months.
Track III	***Who Is Included:*** • Generally, offender committed a nonviolent drug possession offense, but was not eligible for Track II. • Offender committed any other type of nonviolent offense eligible for Track III diversion for substance abuse or addiction. • Offender excluded from Track II for having five or more criminal convictions within the prior 30 months would specifically be eligible for Track III. ***Who Is Excluded:*** • Offender would generally be excluded from Track III if he or she committed a violent or serious felony. However, such an offender could be included if diversion of offender was sought by a district attorney.	• Generally up to 18 months. • The court can order up to two, 3-month extensions, for a maximum of 24 months.

A new 23-member state Treatment Diversion Oversight and Accountability Commission would be established under this measure to set program rules regarding the use and distribution of SATTF funds and the collection of data for required evaluations of the programs and program funding needs. The measure generally prohibits the state or counties from using SATTF funds to replace funds now used for the support of substance abuse treatment programs. In addition, it requires that other available private and public funding sources be used whenever possible to pay for treatment before monies from SATTF are spent for these treatment services.

This measure permits SATTF funds to be spent on so-called "harm reduction" drug therapies that "promote methods of reducing the physical, social, emotional and economic harms associated with drug misuse" and that also "are free of judgment or blame and directly involve the client in setting his or her own goals."

New Juvenile Treatment Program Established

This measure creates a new county-operated program for nonviolent youth under age 18 deemed to be at risk of committing future drug offenses. The program would receive a set share of SATTF funding

(15 percent, after certain implementation costs were deducted) that would be allocated to counties and could be used for various specified purposes, including drug treatment, mental health medication and counseling, family therapy, educational stipends for higher education, employment stipends, and transportation services.

Changes to State Parole and Rehabilitation Programs

This measure makes a number of changes to the state's current parole system, including new rules regarding parole terms, the return to custody of parole violators, and rehabilitation programs for offenders. Below, we briefly outline how the parole system works and how it would be affected by these provisions.

Background

Parole Terms. Under current state law, offenders are released from prison and placed on parole for a set period of time, usually depending on the nature of the offense for which they were convicted. Most offenders are subject to a maximum three-year parole period, which can be extended under certain circumstances to four years, although they may be discharged earlier from parole if they stay out of trouble after their release to the community. Offenders who have committed certain crimes, particularly violent sex crimes or murder, are subject to longer parole terms.

Parole Revocations. Parolees who get in trouble after being released to the community can be returned to state prison in two different ways. One way is if they are prosecuted and convicted in the courts of a new crime—either a felony or a misdemeanor—and sentenced to an additional term in prison. Another way is through actions of parole authorities and the Board of Parole Hearings (BPH), a process referred to as revocation of parole, based on a finding that a parole violation has occurred. Revocation is an administrative process that does not involve any action by a court. In some cases, parole revocation involves violations by parolees that could constitute a crime. But parole revocation can also result from actions, such as failing to report to a parole office, that do not in themselves constitute a crime. These types of offenses are sometimes referred to as "technical" parole violations.

Rehabilitation Programs for Offenders. The state currently provides substance abuse treatment, academic education, job training, and other types of programs for prison inmates and parolees in order to increase the likelihood of success in the community after their release from prison. However, due to funding limitations, space constraints, and in some cases security concerns, the state often does not now make such programs available to inmates and parolees. Also, the state does not directly provide services for offenders after they have been discharged from parole. However, some former parolees may qualify for public services, such as mental health or substance abuse treatment, that the state is helping to support.

New Limits on Parole Terms

This measure reduces the parole term of some parolees but allows longer parole terms for others. It specifies that offenders whose most recent term in prison was for a drug or nonviolent property crime, and who did not have a serious, violent, street gang-related, or sex crime on their record, would be placed on parole supervision for six months. Under the measure, these same parolees could be placed on an additional six months of parole at minimal supervision levels if they failed to complete an appropriate rehabilitation program that was offered to them during the first six months.

This measure also provides longer parole terms for some offenders. Specifically, this measure changes from three to five years the parole terms for any offender whose most recent prison sentence was for a violent or serious felony (such as first-degree burglary or robbery). Some violent sex offenders and other parolees would continue to receive even longer parole terms as provided under existing law.

New Rules for Revocation of Parole Violators

This measure requires that parole violations be divided into three types—technical violations, misdemeanors, and felonies—and generally prohibits certain parolees from being returned to state prison for technical or misdemeanor parole violations. This measure would allow revocation of parolees who committed felony violations of parole. It also permits revocation to state prison of those committing technical or misdemeanor violations who were classified high-risk by CDCR, or have violent or serious offenses on their record.

Under this measure, certain parolees who commit parole violations could face such punishments as more frequent drug testing or community work assignments. Some parolees who hide, are repeat violators, or commit misdemeanor parole violations could serve jail time, which under the measure would be at the expense of the state. Parole violators could also be placed in rehabilitation programs.

For text of Proposition 5, see page 86.

Expansion of Rehabilitation Programs for Offenders

This measure expands rehabilitation programs for inmates, parolees, and offenders who have been discharged from parole. As regards inmates, the measure requires that all inmates except those with life terms be provided with rehabilitation programs beginning at least 90 days before their scheduled release from prison. The measure directs CDCR to conduct an assessment of the inmate's needs as well as which programs would most likely result in his or her successful return to the community. Parolees are to be provided rehabilitation programs by CDCR tailored to the parolee's needs as determined in their assessment. Offenders would be permitted to request up to a year's worth of rehabilitation services within a year after they are discharged from parole. While these offenders would receive these services from county probation departments, all operational costs of the services would be reimbursed by CDCR under the terms of the measure.

Other Parole System Changes

Parole Reform Board Created. This measure creates a new 21-member Parole Reform Oversight and Accountability Board with authority to review, direct, and approve the rehabilitation programs and to set state parole policies.

Costs Shifted to State for Drug Diversion of Parolees. Currently, some parolees who are diverted to drug treatment receive their treatment services from counties. This measure provides that either CDCR or counties could provide such treatment services for parolees, but that CDCR would have to pay any county operating costs for doing so.

Pilot Programs for Parole Violators. This measure directs CDCR to establish pilot projects similar to drug courts (see earlier text box for description) to divert certain parolees who have committed parole violations to treatment and rehabilitation programs. Under the measure, the funding to carry out the programs could come either from the CDCR's budget or separate funding legislation.

Changes in Parole Revocation Procedures. This measure requires that parolees receive notice of alleged violations of parole at a BPH hearing held within three business days of their being taken into custody. Consistent with current federal court orders, this measure amends state law to provide all such parolees a right to legal counsel at this hearing.

Credits for Performance in Rehabilitation Programs

Background

State law currently provides credits to certain prison inmates who participate in work, training, or education programs. These credits reduce the prison time the inmates must serve. (Credits can be taken away if an inmate commits disciplinary offenses while in prison.) Some offenders who are committed to prison for violent and serious crimes can earn only limited credits or can earn no credits at all. But a number of offenders are eligible to earn up to one day off their prison sentences for each day they participate in such programs. Offenders who agree to participate in such programs, but are not yet assigned to one, receive up to one day in credits for every three days they are in this situation.

Expanded Credits Permissible

This measure would change state law to permit some inmates who were sentenced to prison for certain drug or nonviolent property crimes to earn more credits to reduce their prison terms than are permitted under current state law. The parole reform board established in this measure would be authorized to award additional credits based upon such factors as the inmate showing progress in completing rehabilitation programs. The measure does not specify nor limit the amount of such additional credits that could be awarded, but it does prohibit them from being awarded to any inmate who has ever been convicted of a violent or serious felony or certain sex crimes.

Change in Marijuana Possession Penalties

Background

Current state law generally makes the possession of less than 28.5 grams of marijuana by either an adult or a minor a misdemeanor punishable by a fine of up to $100 (plus other penalties and fines that can bring the total cost to as much as $370) but not jail. Possession of greater amounts of marijuana, or repeat offenses, can result in confinement in jail or a juvenile hall, greater fines, or both. Revenues generated from these fines (including the additional penalties) are distributed in accordance with state law to various specified state and county government programs.

Penalties for Marijuana Offenses Would Become Infraction

This measure would make the possession of less than 28.5 grams of marijuana by either an adult or a minor an infraction (similar to a traffic ticket) rather than a misdemeanor. Adults would be subject, as they are today, to a fine of up to $100. However, the additional penalties of any kind would be limited under this measure to an amount equal to the fine imposed. (For example, imposition of the maximum $100 fine could result in an additional $100 in penalties.) Persons under age 18 would no longer be subject to a fine for a first offense, but would be required to complete a drug education program. Also, under this measure, fines collected for marijuana possession would be deposited in a special fund to provide additional support of the new youth programs created by this measure.

Miscellaneous Provisions

Other provisions of this measure:

- Reorganize the way CDCR's rehabilitation and parole programs are administered, and establish a new, second secretary of the department and a chief deputy warden for rehabilitation at each prison;
- Expand BPH from 17 to 29 commissioners;
- Require county jails to provide materials and strategies on drug overdose awareness and prevention to all inmates prior to their release;
- Specify that, except for parolees, adults in drug treatment programs would receive mental health services using funding from Proposition 63, a 2004 ballot measure approved by voters that expanded community mental health services.

FISCAL EFFECTS

This measure would have a number of fiscal effects on state and local government agencies. The major fiscal effects that we have identified are summarized in Figure 2 and discussed in more detail below. The fiscal estimates discussed below could change due to pending federal court litigation or budget actions.

Increase in State Costs for Expansion of Drug Treatment and Rehabilitation

This measure would eventually result in an increase in state costs, potentially exceeding $1 billion annually, mainly for expansion of drug treatment and other services provided for eligible offenders and related administrative costs.

Figure 2
Proposition 5
Summary of Major Fiscal Effects

State Operating Costs Potentially Exceeding $1 Billion Annually. Increased state costs over time primarily for expansion of drug treatment and rehabilitation of offenders due to:

- Increased spending for a new three-track drug treatment diversion system.
- Expansion of rehabilitation programs for prison inmates, parolees, and offenders released from parole.
- Various other changes to state programs, such as a requirement that the state reimburse counties for drug treatment services now provided for certain parolees.

State Operating Savings Potentially Exceeding $1 Billion Annually. State operating savings over time primarily for prison and parole supervision due to:

- Diversion of additional offenders from state prisons to drug treatment programs.
- Exclusion of certain categories of parole violators from state prison.
- Potential expansion of the credits that certain inmates could receive that would reduce the time they must serve in prison.
- A reduction in the length of time of parole supervision for offenders convicted of drug and nonviolent property crimes.

State Capital Outlay Savings That Could Eventually Exceed $2.5 Billion. Net one-time savings from constructing fewer prison beds because of a reduction in the inmate population. These savings would be partly offset by costs for additional prison space for rehabilitation programs.

County Operations Costs and Funding—Unknown Net Fiscal Effect. Increases in county expenditures for new drug treatment diversion programs and juvenile programs would probably be generally in line with the increased funding they would receive from the state. In addition, various provisions could result in unknown increases and reductions in county operating costs and revenues.

County Capital Outlay—Unknown Net Fiscal Effect. Counties could face added capital outlay costs for housing parole violators, but decreased costs from the diversion of some offenders from jails to drug treatment.

Other. Various other fiscal impacts on state and local government costs and revenues from the diversion of additional offenders from prison or jail or the release of some offenders earlier from prison.

Expenditures for New Drug Diversion System. As noted earlier, this measure appropriates $150 million from the state General Fund for the second half of the 2008–09 fiscal year (January through June 2009) to the SATTF, rising to $460 million annually in 2009–10, for support of the three-track drug treatment diversion program and the program for juvenile treatment services established in this measure. The 2009–10 funding level for these new programs would be more than $300 million greater than the General Fund appropriations provided in the *2007–08 Budget Act* for the programs they would largely replace (Proposition 36 treatment and drug courts). In subsequent fiscal years, the appropriations for the new programs would be automatically adjusted annually

For text of Proposition 5, see page 86.

for the cost of living and every fifth year for changes in the state population, and thus would be likely to grow significantly over time.

The monies appropriated for the new drug diversion programs could be used for various treatment and administrative costs. It is likely that at least some program and administrative costs related to the expansion of drug treatment diversion would require additional state appropriations.

Expenditures for Inmate and Parole Rehabilitation Programs. This measure would result in an increase of several hundreds of millions of dollars annually in state costs for expanded rehabilitation programs for offenders in state prisons, on parole, and in the community. These costs would be paid for primarily from the state General Fund.

Other State Fiscal Impacts. A number of specific provisions in this measure would result in additional state program and administrative costs, with the potential of collectively amounting to tens of millions of dollars annually. Among the provisions that would increase state General Fund costs is the requirement that the state reimburse counties (and some cities) for the incarceration of additional parole violators in jails. The requirement that the state reimburse counties for drug treatment services that the counties provide to certain parolees would also increase state costs. In addition, the provisions in this measure changing the penalties for marijuana use would reduce state revenues from criminal penalties.

Level of Additional Costs Uncertain. The cost to the state of carrying out the various provisions of this measure are unknown and could, in the aggregate, be higher or lower than we have estimated by hundreds of millions of dollars annually, depending upon how this measure is implemented. For example, the costs to the state of providing rehabilitation services to inmates during their last 90 days in prison could be significantly reduced to the extent that the state was able to redirect available slots in education, substance abuse, and other programs toward these short-term inmates and away from inmates who had longer than 90 days to serve on their sentences.

Savings on State Operating Costs for Prison and Parole Systems

This measure would eventually result in savings on state operating costs, potentially exceeding $1 billion annually, due mainly to reductions in prison and parole supervision caseloads. Specifically, this measure could eventually reduce the state prison population by more than 18,000 inmates and reduce the number of parolees under state supervision by more than 22,000. The reasons for these population reductions are discussed below.

Impacts From Drug Treatment Diversion Program. The three-track drug treatment diversion system created in this measure could significantly reduce the size of the prison population, thereby reducing prison operating costs. This is because the measure (1) diverts additional offenders to drug treatment programs instead of incarceration in state prison, (2) allows some offenders who have violated diversion program rules or drug laws to remain in treatment instead of being incarcerated in state prison, and (3) makes it possible for more offenders to receive the specific type of drug treatment (such as care in a residential facility) that would be more likely to result in better treatment outcomes, and thus make them less likely to be involved in criminal activity in the future.

Other Prison Impacts. Other provisions of this measure would also likely result in reduced prison and parole caseloads and related savings over time. These include provisions that:

- Exclude certain categories of parole violators from being returned to state prison;
- Allow certain inmates in rehabilitation programs to receive additional credits that would reduce the time they must serve in prison;
- Expand rehabilitation services for inmates, parolees, and offenders who have completed parole, thereby potentially reducing the rate at which they return to prison for new offenses;
- Reduce the period of parole supervision for offenders convicted of certain drug or nonviolent property crimes. These savings would eventually be partly offset by the increase in parole terms for some violent and serious offenders.

Parole Savings in the Longer Term. In the short term, this measure could increase parole caseloads by preventing certain parolees from being returned to prison for parole violations. In the longer term, however, this measure is likely to result in a significant net reduction in parole caseloads. That is because a large reduction in the number of offenders in prison—for example, due to increased drug diversion programs—means ultimately that there would be fewer offenders being released from prison to parole supervision. The provisions in this measure reducing the period of time certain offenders are supervised on parole would also reduce parole caseloads.

Level of Savings for Prison and Parole Somewhat Uncertain. The level of savings to state prison and parole operations from all of these provisions are unknown and could, in the aggregate, be higher or lower than we have estimated by hundreds of millions of dollars, depending upon how this measure is implemented. For example, the new state parole reform board created in this measure could expand the award of credits to inmates in rehabilitation programs but is not required to do so. Also, the savings to prison and parole operations resulting from this measure could vary significantly over time. For example, some offenders initially diverted from prison to drug treatment programs under this measure, who did not succeed in treatment, might eventually be returned to prison for committing crimes unrelated to drugs.

Net Savings on State Capital Outlay Costs

This measure would eventually result in one-time net state savings on capital outlay costs for new prison facilities that eventually could exceed $2.5 billion. This net estimate of savings takes into account both (1) likely savings to the state from constructing fewer prison beds because of a reduced inmate population and (2) increased needs for prison program space due to this measure's requirement for expanding in-prison rehabilitation programs. The costs for additional program space could be substantially less if (1) the expected reduction in the inmate population frees up existing prison space now being used to house inmates that could instead be used for operating rehabilitation programs for inmates and (2) the requirement for expanding inmate rehabilitation programs at least 90 days before their release is partly met by reducing program participation by inmates with more than 90 days to serve in prison.

Unknown Net Fiscal Impact on County Operations and Capital Outlay

County Operations. This measure provides more than $300 million in additional funding annually by 2009–10 through the SATTF for adult and juvenile drug treatment and diversion programs that would be operated mainly by counties. Counties are likely to incur increases in expenditures over time for the programs, including administrative costs, that are generally in line with the increase in the funding that they would receive from the state through the SATTF.

In addition, the measure could result in other increases and reductions in county operating costs and revenues. For example, provisions requiring use of Proposition 63 funds for mentally ill offenders placed in drug treatment diversion programs could increase county costs to the extent that this change prompted counties to replace the funds shifted to these offenders with other local funds. However, the expansion of drug treatment diversion programs in this measure could reduce county costs for jailing offenders for drug-related crimes. The net fiscal impact of these and other factors on counties is unknown and could vary significantly from one jurisdiction to another.

County Capital Outlay. Some counties could, as a result of this measure, face added capital outlay costs for housing parole violators who would be diverted from prison to jails. However, these capital outlay costs could be offset by the diversion of drug offenders from jails to treatment in the community. Other aspects of the measure could also reduce jail populations. The net effect on county capital outlay costs is unknown and would probably vary significantly from one jurisdiction to another.

Other Fiscal Impacts on State and Local Governments

This measure could result in other state and local government costs. This would occur, for example, to the extent that additional offenders diverted from prison or jail require government services or commit additional crimes that result in additional law enforcement costs or victim-related government costs, such as government-paid health care for persons without private insurance coverage. Alternatively, there could be increased state and local government revenue to the extent that offenders remaining in the community because of this measure become taxpayers. The magnitude of these impacts is unknown.

For text of Proposition 5, see page 86.

★ ARGUMENT IN FAVOR OF PROPOSITION 5 ★

Our state prisons are badly overcrowded. Since the Legislature has been unable to solve the problem, we, the people, must do it with Proposition 5.

Prisons cost us $10 billion every year, but California spends little on rehabilitation. That's short-sighted. Young people with drug problems can't get treatment. Too many nonviolent adults with addictions crowd our prisons. Tens of thousands cycle in and out, untreated.

Proposition 5, the Nonviolent Offender Rehabilitation Act, is a smart way to solve these problems by treating violent and nonviolent offenders differently. Prop. 5 reduces prison overcrowding safely, pays for itself annually, and over time saves California $2.5 billion.

Here's what it does:

FIRST, Prop. 5 gives nonviolent youth with drug problems access to drug treatment.

SECOND, it reduces the number of nonviolent drug offenders going into prison by providing drug treatment programs with real accountability.

THIRD, it requires the prison system to provide rehabilitation to prisoners and parolees.

For at-risk youth, California now offers no drug treatment. Families have nowhere to turn.

Prop. 5 creates treatment options for young people with drug problems. They can be referred to treatment by family, school counselors, or physicians. Those caught with a small amount of marijuana will get early intervention programs. In this way, we can steer youth away from addiction and crime.

For nonviolent drug offenders, treatment works. Voter-approved Proposition 36 (2000) provided treatment, not jail, for nonviolent drug users. One-third completed treatment and became productive, tax-paying citizens. Since 2000, Prop. 36 has graduated 84,000 people and saved almost $2 billion.

Prop. 5 builds upon Prop. 36 and improves it. Prop. 5 offers greater accountability and better treatment for nonviolent offenders. People must pay a share of treatment costs. Judges can jail offenders who don't comply with treatment, and give longer sentences to those who repeatedly break the rules.

For state prisons, Prop. 5 requires all offenders to serve their time and make restitution. After release, they'll get help to re-integrate into society. Some will need education or job training, others drug treatment. Prop. 5 gives former inmates the chance to turn their lives around.

Prop. 5 holds nonviolent parolees accountable for minor parole violations with community sanctions, drug treatment, or jail time. For serious offenses they'll be returned to state prison. Parolees with a history of violence, gang crimes, or sex offenses can be returned to prison for any parole violation.

Treating violent and nonviolent offenders differently is the smart fix for overcrowded prisons. Prop. 5 saves $2.5 billion within a few years, according to the nonpartisan Legislative Analyst.

Prop. 5 makes sure that there will always be room for violent criminals in prison. It also toughens parole requirements for violent criminals.

YES on Prop. 5 is a smart, safe way to:

- Prevent crime with drug treatment for youth;
- Provide rehab, not prison, for nonviolent drug offenders;
- Reduce prison overcrowding;
- Keep violent offenders in prison; and
- Free up billions for schools, health care, and highways.

JEANNE WOODFORD, Former Warden
San Quentin State Prison
DANIEL MACALLAIR, Executive Director
Center on Juvenile and Criminal Justice
DR. JUDITH MARTIN, President
California Society of Addiction Medicine

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 5 ★

Proposition 5 will increase crime.

Dumping 45,000 criminals out of our prisons and into our communities through early release and shortened parole will not "save" money in the prison system—but it *will* increase crime.

Why? Because according to official studies, those who "graduate" from Prop. 5-style programs in California actually commit new crimes at a *higher* rate than other released felons.

These aren't harmless "non-violent" criminals; they are felons who will be back in our neighborhoods—early and unsupervised—and victimizing our families again.

Proposition 5 doesn't help our youth.

In fact, it puts them at much greater risk by increasing the number of drug dealers returning to our communities every year.

Proposition 5 will massively increase costs to taxpayers.

This program will cost $1 billion yearly with built-in increases. In a budget crisis, we cannot afford to risk funding schools and other vital services to pay for two huge new bureaucracies and programs that are proven failures.

Proposition 5 will also increase costs to local taxpayers, triggering severe financial consequences and tax increases for many cash-strapped counties. More than 20 counties would have to build new jails, since they are already at capacity, yet proponents completely ignore the billions in new spending and taxes which Proposition 5 could impose on local taxpayers.

Proposition 5 isn't real reform, it's an expensive sham designed to let criminals go free sooner, with less supervision.

Vote "No" on early parole. Vote "No" on Proposition 5.

LAURA DEAN-MOONEY, National President
Mothers Against Drunk Driving (MADD)
THE HONORABLE STEVE COOLEY, District Attorney
County of Los Angeles
SENATOR JEFF DENHAM, Co-Chair
People Against the Proposition 5 Deception

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

★ ARGUMENT AGAINST PROPOSITION 5 ★

Proposition 5 shortens parole for methamphetamine dealers and other drug felons from 3 years—to just 6 months.

That's why Proposition 5 has been called the "Drug Dealers' Bill of Rights."

But the damage Proposition 5 will cause to our schools and neighborhoods doesn't just end with making life easier for dope peddlers. This dangerous measure could also provide, in effect, a "get-out-of-jail-free" card to many of those accused of child abuse, domestic violence, mortgage fraud, identity theft, insurance fraud, auto theft, and a host of other crimes, letting them effectively escape criminal prosecution.

Proposition 5 even provides a way to avoid prosecution for those accused of killing innocent victims while driving under the influence—just one of the reasons it is strongly opposed by Mothers Against Drunk Driving (MADD).

California law enforcement, including our police chiefs and county prosecutors overwhelmingly oppose Proposition 5 because they know it is just a veiled attempt to dramatically slash parole time for convicted drug criminals—including dealers caught with up to $50,000 of meth.

Proposition 5 also establishes two new bureaucracies with virtually no accountability, and which will cost hundreds of millions in taxpayer dollars.

The social costs, however, of increased drug crimes, domestic violence, identity theft, and consumer fraud will be incalculable.

Proposition 5 weakens drug rehabilitation programs by allowing defendants to continue using drugs while in rehab. These weakened programs would be funded by draining money away from the real treatment programs that actually do work.

Proponents want you to believe this is about keeping "non-violent offenders" out of prison, but according to Los Angeles County District Attorney Steve Cooley, "No first-time offender arrested in California solely for drug possession goes to prison—ever."

The real beneficiaries of Proposition 5 are the violent criminals who can escape prosecution for their violent acts by claiming they weren't responsible—"the meth made me do it."

Law enforcement professionals across California are bracing for the wave of felons that will be unleashed on our communities when parole for convicted meth dealers is slashed from three years to just six months, and when the deterrent for identity theft, domestic violence, and child abuse is reduced.

We simply cannot afford the massive havoc this measure will wreak on our families, schools, and neighborhoods.

Please join with bi-partisan leaders representing victims' groups, medical professionals, peace officers, and district attorneys, as well as business, labor, and community leaders in rejecting this dangerously flawed initiative.

Protect our neighborhoods from violent crime. Vote "NO" on Proposition 5.

To read the facts, visit *www.NoOnProposition5.com*.

CHARLES A. HURLEY, CEO
Mothers Against Drunk Driving (MADD)
JERRY DYER, President
California Police Chiefs Association
BONNIE M. DUMANIS, President
California District Attorneys Association

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 5 ★

JUDGE JAMES P. GRAY SAYS:

Don't believe the scare tactics.

Under Prop. 5, judges make the call as to which nonviolent offenders get into treatment and which don't. Judges know how to separate dangerous offenders from deserving cases. We do it every day.

Nothing in Prop. 5 prevents judges from sentencing dangerous offenders for the crimes mentioned by opponents.

Prop. 5 is a good law that preserves judges' discretion and gives us new powers to hold offenders accountable during drug treatment.

FORMER POLICE CHIEF NORM STAMPER SAYS:

Prop. 5 separates violent offenders from nonviolent offenders. It gives nonviolent offenders who are ready to change an opportunity, and a reason, to do so.

Prop. 5 protects public safety by strictly limiting its benefits to those with no history of serious or violent crime, or who have served their time and been crime-free for five years.

Eighty percent of the people in California prisons have a problem with substance abuse. Most get no treatment. After prison, many go back to drugs and return to prison.

We must break the cycle of crime. Drug treatment and rehabilitation can do that.

YOUTH DRUG TREATMENT SPECIALIST ALBERT SENELLA SAYS:

We must prevent kids from using drugs and help those who have already started.

Prop. 5 would create California's first network of treatment programs for young people. It helps kids avoid addiction.

The League of Women Voters of California has endorsed Prop. 5. It's the safe, smart way to bring about the change we need.

JUDGE JAMES P. GRAY
Orange County Superior Court
NORM STAMPER, Former Assistant Chief of Police
San Diego
ALBERT SENELLA, Chief Operating Officer
Tarzana Treatment Centers

PROPOSITION 6

POLICE AND LAW ENFORCEMENT FUNDING. CRIMINAL PENALTIES AND LAWS. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

POLICE AND LAW ENFORCEMENT FUNDING. CRIMINAL PENALTIES AND LAWS. INITIATIVE STATUTE.

- Requires minimum of $965,000,000 each year to be allocated from state General Fund for police, sheriffs, district attorneys, adult probation, jails and juvenile probation facilities. Some of this funding will increase in following years according to California Consumer Price Index.
- Makes approximately 30 revisions to California criminal law, many of which cover gang-related offenses. Revisions create multiple new crimes and additional penalties, some with the potential for new life sentences.
- Increases penalties for violating a gang-related injunction and for felons carrying guns under certain conditions.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Net increase in state costs that are likely within a few years to exceed $500 million annually, primarily due to increasing state spending for various criminal justice programs to at least $965 million, as well as for increased costs for prison and parole operations. These costs would increase by tens of millions of dollars annually in subsequent years.
- Potential one-time state capital outlay costs for prison facilities that could exceed $500 million due to increases in the prison population.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Criminal Justice Programs and Funds. State and local governments share responsibility for operating and funding various parts of California's criminal justice system. Generally, the state funds and operates prisons, parole, and the courts while local governments are responsible for community law enforcement, such as police, sheriff, and criminal prosecutions.

The state supports some criminal justice activities that have traditionally been a local responsibility. In 2007–08, the state allocated hundreds of millions of dollars for local criminal justice programs. This includes $439 million for three such programs, the Citizens' Option for Public Safety, the Juvenile Justice Crime Prevention Act, and Juvenile Probation and Camps Funding.

The state also administers the State Penalty Fund which collects revenues from fees assessed to some criminal offenders. These funds are disbursed for various purposes, including restitution to crime victims and peace officer training. Also, a portion is transferred to the state General Fund.

Criminal Sentencing Laws. State laws define three kinds of crimes: felonies, misdemeanors, and infractions. A felony is the most serious type of crime. State laws specify the penalty options available for each crime, such as the maximum sentence of imprisonment in county jail or state prison. About 18 percent of persons convicted of a felony are sent to state prison. Other felons are supervised on probation in the community, sentenced to county jail, pay a fine, or have some combination of these punishments.

The state operates 33 state prisons and other facilities that had a combined adult inmate population of about 171,000 as of May 2008. The costs to operate the California Department of Corrections and Rehabilitation in 2008–09 are estimated to be approximately $10 billion. The average annual cost to incarcerate an inmate is estimated to be about $46,000. The state prison system is currently experiencing overcrowding because there are not enough permanent beds available for all inmates. As a result, gymnasiums and other rooms in state prisons have been converted to house some inmates.

Supervision of Parolees and Sex Offenders. Offenders who have been convicted of a felony and serve their time in state prison are supervised on parole by the state after their release. State policies determine the number of parole agents and other staff necessary to supervise these parolees.

Proposition 83 (commonly referred to as "Jessica's Law") was approved by the voters in November 2006. Among other changes relating to sex offenders, the proposition requires that certain persons who have been convicted of a felony sex offense be monitored by a Global Positioning System (GPS) device while on parole and for the remainder of their lives. The proposition did not specify whether state or local governments would be responsible for paying for the GPS supervision costs after these offenders are discharged from state parole supervision.

PROPOSAL

This measure makes several changes to current laws relating to California's criminal justice system. The most significant of these changes are described below.

Required Spending Levels for Certain New and Existing Criminal Justice Programs. The proposal creates new state-funded criminal justice programs. The measure also requires that funding for certain existing programs be at least continued at their 2007–08 levels. In total, the measure requires state spending of at least $965 million for specified criminal justice programs beginning in 2009–10. This amount reflects an increase in funding of $365 million compared to the amount provided in the *2007–08 Budget Act*. Figure 1 summarizes the increase in state spending required by this measure, generally beginning in 2009–10.

Most of the new state spending required by this measure would be for local law enforcement activities, directed primarily to police, sheriffs, district attorneys, jails, and probation offices. The remaining new state spending would be provided for local juvenile programs, offender rehabilitation, crime victim assistance, and other state criminal justice programs. Specifically, the measure requires new state spending for such purposes as:

- Increased supervision of adult probationers by counties ($65 million);
- Juvenile facility repair and renovation and the operation of county probation programs for youth ($50 million);
- City law enforcement efforts to target various crimes, including violent, gang, and gun crimes ($30 million);
- Prosecution of violent, gang, and vehicle theft crimes ($25 million);
- The construction and operation of county jails ($25 million);
- Assisting county sheriff and mid-size city police agencies to participate in county, regional, and statewide enforcement activities and programs ($20 million);
- Programs to assist parolees in their reentry into communities ($20 million).

The measure prohibits the state or local governments from using the new funding to replace funds now used for the same purposes. In addition, the measure requires that future funding for most of these new and existing programs be adjusted annually for inflation.

In addition, this measure redistributes the State Penalty Fund in a way that increases training support for peace officers, corrections staff, prosecutors, and public defenders, as well as various crime victims' services programs, while eliminating the existing transfer of the money to the state General Fund. About $14 million was transferred from the State Penalty Fund to the General Fund in 2007–08. The measure also requires that Youthful Offender Block Grant funds—provided by the state to house, supervise, and provide various types of treatment services to juveniles—be distributed to county probation offices and eliminates existing provisions that permit these funds to be provided directly to drug treatment, mental health, or other county departments.

This measure also creates a new state office in part to distribute public service announcements about crime rates and criminal justice statutes, such as the "Three Strikes and You're Out" law, and establishes a commission to evaluate publicly funded early intervention and rehabilitation programs designed to reduce crime.

Increased Penalties for Certain Crimes. The measure increases criminal penalties for certain crimes, as well as creates some new felonies and misdemeanors. These changes to penalties include crimes related to

Figure 1
Proposition 6
Required Spending Levels for New and Existing Criminal Justice Programs Affected by This Measure

(In Millions)

	Current Spending Level	Proposition 6	Change
Local law enforcement [a]	$187	$406	$219
Local juvenile programs	413 [b]	479	66
New offender rehabilitation programs and evaluations	—	23	23
New crime victim assistance programs	—	13	13
Other new state programs	—	45	45
Totals	**$600**	**$965**	**$365**

[a] Local law enforcement includes funding directed to police, sheriffs, district attorneys, adult probation, and jails.
[b] Includes $93 million for the Youthful Offender Block Grant as authorized by current law for 2009–10.
Detail may not total due to rounding.

For text of Proposition 6, see page 106.

gang participation and recruitment, intimidation of individuals involved in court proceedings, possession and sale of methamphetamines, vehicle theft, removing or disabling a GPS device, and firearms possession. These and other proposed increases in penalties would likely result in more offenders being sentenced to state prison or jail for a longer period of time for the crimes specified in the measure. Figure 2 lists some examples of increased penalties and new crimes created by this measure.

Various Changes to State Parole Policies. The measure makes several changes to state parole policies. Among the most significant changes to state parole is a reduction in the average parolee caseload of parole agents from about 70 parolees per parole agent to 50 parolees per parole agent. The measure also requires the state to pay the cost of GPS monitoring of sex offenders after their discharge from parole supervision.

Figure 2
Proposition 6
Examples of Increased Penalties and New Crimes Created by This Measure

Gang Participation and Recruitment

- Gang members[a] convicted of home robbery, carjacking, extortion, or threats to witnesses would be subject to life terms in prison.
- Adds additional five years in prison for gang recruitment if the person recruited was under the age of 14.
- Doubles penalties for inmates who commit a felony as part of a gang.
- Ten-year additional penalty for gang members who attempt to commit violent crimes.
- Failure to register as a gang member with local law enforcement would be a felony or misdemeanor, depending on the underlying conviction.

Methamphetamine Crimes

- Defines possession of methamphetamines as a felony. (This crime currently can be prosecuted as a misdemeanor or a felony.)[b]
- Increases prison term for sale, possession for sale, and transportation of methamphetamines generally by one year.

Vehicle Theft

- Adds additional year in prison for car theft if theft was for purpose of selling the stolen car.
- Allows law enforcement authorities to impound vehicles for up to 60 days when a gun used in a crime is found in one.
- Generally prohibits probation for a conviction of car theft if the offender has multiple prior convictions for car theft.

Other Increased Penalties and New Crimes

- Up to four-year prison term for intimidating a witness, judge, or other person for participating in a court proceeding.
- Unauthorized removal of an offender's GPS device that is required under existing law or worn as a condition of probation or parole would be a misdemeanor or felony, depending on the underlying conviction.
- Ten additional years in prison for possession of a concealed weapon by certain convicted felons.

a Generally as defined in Penal Code 186.22.
b Measure does not change eligibility for some offenders for drug treatment diversion under Proposition 36.

Other Criminal Justice Changes. The measure makes several other changes to state laws affecting the criminal justice system. The more significant changes are summarized below:

- ***Gang Databases.*** The measure requires the state to develop two databases related to gang information for the use of law enforcement agencies.
- ***Hearsay Evidence.*** In general, the testimony of a witness is considered hearsay when it repeats someone's previous statement for the purpose of proving that the content of that statement is true. Hearsay evidence is not admissible in court except under limited circumstances. The measure would expand the circumstances in which hearsay evidence is admissible in court, especially in cases where someone has intimidated or otherwise tampered with a witness.
- ***Gang Injunction Procedures.*** The measure changes legal procedures to make it easier for local law enforcement agencies to bring lawsuits against members of street gangs to prevent them from engaging in criminal activities and makes violation of such court-ordered injunctions a new and separate crime punishable by fines, prison, or jail.
- ***Criminal Background Checks for Public Housing Residents.*** Among other state expenditures, this measure provides $10 million annually for grants to governmental agencies responsible for enforcing compliance with public housing occupancy requirements. Agencies that accepted these funds would be required to conduct criminal background checks of all public housing residents at least once per year.
- ***Temporary Housing for Offenders.*** The measure permits counties with overcrowded jails to operate temporary jail and treatment facilities to house offenders. These temporary facilities would be required to meet local health and safety codes that apply to residences.
- ***Release of Undocumented Persons.*** This measure prohibits a person charged with a violent or gang-related felony from being released on bail or his or her own recognizance pending trial if he or she is illegally in the United States.
- ***Juvenile Justice Coordinating Council Membership.*** Each county that receives state funds for certain juvenile crime prevention grant programs currently must have a juvenile justice coordinating council that develops a comprehensive plan on how to provide services and supervision to juvenile offenders. This measure changes who may participate on the council. For example, counties would no longer be required

to include representatives of community-based substance abuse treatment programs.

- ***Juveniles in Adult Court.*** The measure would expand the circumstances under which juveniles would be eligible for trial in an adult criminal court, rather than the juvenile court system, for certain gang-related offenses.

FISCAL EFFECTS

This measure would have significant fiscal effects on both the state and local governments. The most significant fiscal effects are summarized in Figure 3 and discussed in more detail below. These fiscal estimates could change due to pending federal court litigation or budget actions.

Required Spending Levels for Certain New and Existing Criminal Justice Programs. The measure requires state spending for various state and local criminal justice programs totaling about $965 million beginning in 2009–10, an increase of $365 million compared to 2007–08. We estimate that this amount will increase by about $100 million in about five years due to the measure's provisions that require that state funding for certain programs be adjusted each year for inflation. In addition, the redistribution of the State Penalty Fund could result in about a $14 million loss in state General Fund revenues compared to the 2007–08 budget.

Increased Penalties for Certain Crimes; Parole Policy Changes. Various provisions of this measure would result in additional state costs to operate the prison and parole system. These costs are likely to grow to at least a couple hundred million dollars annually after a number of years. These increased costs are mainly due to provisions that increase penalties for gang, methamphetamines, vehicle theft, and other crimes, as well as provisions that decrease parole agent caseloads and require the state to pay for the cost of GPS monitoring for sex offenders discharged from parole supervision.

Figure 3
Proposition 6
Summary of Fiscal Effects on State and Local Governments

Fiscal Effects	Amount
Increase in net annual state costs primarily for the following: • Required spending of $965 million for certain new and existing criminal justice programs, an increase of $365 million. • Requirement that certain criminal justice program spending increase annually with inflation. • Increased penalties for certain crimes resulting in higher prison population. • Increased parole costs due to reduced caseload requirements.	More than $500 million within first few years, which would grow by tens of millions of dollars annually in subsequent years.
Additional one-time state capital outlay costs for prison facilities.	Potentially more than $500 million.
Costs and savings to state trial courts, county jails, and other criminal justice agencies.	Unknown net fiscal impact.

State Capital Outlay Costs. The provisions increasing criminal penalties for certain crimes could also result in additional one-time capital outlay costs, primarily related to prison construction and renovation. The magnitude of these one-time costs is unknown but potentially could exceed $500 million.

State Trial Courts, County Jails, and Other Criminal Justice Agencies. This measure could have significant fiscal effects on state trial courts, county jails, and other criminal justice agencies, potentially resulting in both new costs and savings. The net fiscal effect of its various provisions is unknown as discussed further below.

On the one hand, the measure could result in increased costs to the extent that the additional funding provided for local law enforcement activities results in more offenders being arrested, prosecuted, and incarcerated in local jails or state prisons. There could also be additional jail costs for holding undocumented offenders arrested for violent or gang-related crimes who would no longer be eligible for bail or release on their own recognizance. The measure's provision permitting the use of temporary jail and treatment facilities could result in additional costs to counties to purchase, renovate, and operate such temporary facilities. The magnitude of these costs would depend primarily on the number and size of new temporary facilities utilized by counties.

On the other hand, the measure provides some additional funding for prevention and intervention programs designed to reduce the likelihood that individuals will commit new crimes. To the degree that these programs are successful, they could result in fewer offenders being arrested, prosecuted, and incarcerated in local jails or state prisons than would otherwise occur. Additionally, the measure's provisions increasing criminal penalties for specified crimes could reduce costs related to courts and other criminal justice agencies by deterring some offenders from committing new crimes.

Other Impacts on State and Local Governments. Other savings to the state and local government agencies could result to the extent that offenders imprisoned for longer periods under the measure's provisions require fewer government services, or commit fewer crimes that result in victim-related government costs. Alternatively, there could be an offsetting loss of revenue to the extent that offenders serving longer prison terms would no longer become taxpayers under current law. The extent and magnitude of these impacts are unknown.

For text of Proposition 6, see page 106.

★ ARGUMENT IN FAVOR OF PROPOSITION 6 ★

EVERY SHERIFF IN CALIFORNIA SUPPORTS THE SAFE NEIGHBORHOODS ACT—PROPOSITION 6

Proposition 6 is a comprehensive anti-gang and crime reduction measure that will bring more cops and increased safety to our streets, and greater efficiency and accountability to public safety programs.

Proposition 6 returns taxpayers' money to local law enforcement without raising taxes. It creates a special oversight commission to guard and protect tax dollars from waste and abuse.

The California District Attorneys Association, California Police Chiefs Association, Crime Victims United, and organizations representing more than 45,000 law enforcement officers back Proposition 6 because it's a balanced solution to California's crime problem.

CRIME, GANGS, AND VIOLENCE ARE TAKING OVER OUR STREETS

Between 1999 and 2006, while the national homicide rate declined, California's murder rate increased—accounting for nearly 500 more murders per year. In fact, California's murder rate has become the highest among the nation's five largest states.

Gangs are a leading cause of California's rising murder rate. According to the Attorney General, upwards of 420,000 gang members roam our streets. Convicted felons and gang members with firearms commit the majority of gun crimes, including the killing of peace officers.

IT'S TIME TO FIGHT BACK

Proposition 6 is a comprehensive plan that addresses crime and gang violence on many levels, including:

- Prohibiting bail to illegal immigrants who are charged with violent or gang crimes.
- Imposing a 10-year penalty increase on gang offenders who commit violent felonies.
- Creating more effective and accountable intervention programs to stop young kids from joining gangs and ruining their lives.
- Requiring convicted gang offenders to register with local law enforcement each year for five years following conviction or their release from custody.
- Providing GPS tracking equipment for monitoring gang offenders, sex offenders, and violent offenders.
- Increasing penalties for manufacture and sale of methamphetamine to the same level as those for cocaine.
- Adding a 10-year sentence to dangerous felons who carry loaded or concealed firearms in public.
- Increasing penalties for multiple acts of graffiti.

CRIME VICTIMS AND LAW ENFORCEMENT AGREE—YES ON PROPOSITION 6

"Seven months ago I lost my husband to gang violence. A sheriff's deputy, he was shot while chasing a suspect. The person who murdered my husband was a 16-year-old gang member.

"This tragedy demonstrates the need for prevention and intervention so at-risk children do not turn to gangs and crime. Proposition 6 will do just this and give law enforcement the tools they need to keep all Californians safe." — Thanh Nguyen, widow of Deputy Sheriff Vu Nguyen

"Proposition 6 is a comprehensive plan that will secure funding for law enforcement, stiffen penalties for the most dangerous criminals, and improve prevention programs." — Robert Lopez, President, San Jose Police Officer Association

"The Safe Neighborhoods Act gives us the tools we need to help keep at-risk kids out of gangs." — Jerry Powers, President, Chief Probation Officers of California

VOTE YES ON PROPOSITION 6

Join victims' rights advocates and law enforcement leaders in supporting Proposition 6.

Learn more by visiting www.SafeNeighborhoodsAct.com.

LEE BACA, Sheriff
Los Angeles County
BONNIE M. DUMANIS, District Attorney
San Diego County
HARRIET C. SALARNO, Chair
Crime Victims United of California

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 6 ★

PROP. 6 WILL SPEND ONE BILLION DOLLARS ON UNPROVEN PROGRAMS WITH NO ACCOUNTABILITY FOR THE MONEY SPENT.

Vote No on Prop. 6. The proponents of Prop. 6 never mention that it will cost taxpayers $1,000,000,000 just in the first year! That's $1,000,000,000 not available for education, health care, fire protection, or proven public safety efforts.

There's plenty Prop. 6 will NOT do:

1. Prop. 6 will NOT guarantee that one more police officer is on the street.
2. Prop. 6 will NOT fund youth gang prevention programs that are already proven to work.
3. Prop. 6 will NOT allow local communities to decide how to invest their money to improve public safety.

But Prop. 6 will definitely spend more money on prisons and jails.

Prop. 6 will slow down our courts with unnecessary and costly new laws.

And Prop. 6 will create more bureaucracy that duplicates programs we already have.

Virtually every criminal justice study of gang problems and high crime communities calls for a coordinated balanced approach that includes community service workers, mental health, drug and alcohol services along with tough enforcement of the law.

Unfortunately, Prop. 6 ignores these facts, and instead focuses on the symptoms, not the causes.

We cannot afford another costly ballot measure that doesn't solve the problem. Vote NO on Prop. 6!

ROY ULRICH, Board Chair
California Tax Reform Association
DANIEL MACALLAIR, Executive Director
Center on Juvenile & Criminal Justice

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

★ ARGUMENT AGAINST PROPOSITION 6 ★

This November's ballot is filled with propositions that sound good on first reading, but in reality will savage California's economy without delivering what they promise. Prop. 6 is a good example.

PROP. 6 REQUIRES MASSIVE NEW SPENDING

As California faces the worst budget crisis in history, Prop. 6 worsens the crisis by spending almost a billion dollars each year on ineffective programs that aren't proven to reduce crime. Programs that threaten funding for schools, foster care, after school programs, fire protection, and effective public safety efforts.

PROP. 6 INCREASES STATE SPENDING ON PRISONS AND THREATENS FUNDS FOR OTHER CRITICAL PROGRAMS

Prop. 6 would require construction of new prison facilities; a cost which could exceed half a billion dollars. *California already spends more than 4 times more per prisoner than per public school student.*

> "Proposition 6 would spend billions to put children in jail and keep them there longer for 'crimes' like failing to update a current home address. More 14-year-old children would be tried as adults. Those billions could be spent on schools and children's healthcare . . . programs proven to reduce crime." — Marty Hittelman, President, California Federation of Teachers

PROP. 6 WASTES MONEY ON INEFFECTIVE PROGRAMS WITHOUT ACCOUNTABILITY

Prop. 6 spends a billion dollars each year on programs with no real oversight or accountability. These programs would be selected without a competitive process or cost-benefit analysis. The state would then have to automatically renew funding each year, whether or not the programs are working.

Under Prop. 6, the largest increase in funding is for "Citizens Options for Public Safety," a program reviewed by the state's independent Legislative Analyst and found to have "no definable goals" and "no identifiable results." *Prop. 6 would waste billions on programs that are unproven.*

PROP. 6 DISRUPTS EXISTING CRIME PREVENTION EFFORTS

The proponents argue that this raid on your tax dollars is needed to fight gangs. *They ignore the fact that the Governor and Legislature have already taken firm steps to combat gangs and crime.* Last year, Governor Schwarzenegger launched "CalGRIP," directing state funds to law enforcement and community anti-gang programs throughout the state.

CalGRIP applies a balanced approach, attacking gangs with prevention, intervention, suppression, and incarceration. Prop. 6 would completely disrupt the current progress being made in California.

PROP. 6 WON'T INCREASE PUBLIC SAFETY

We agree that the state can and should do more to prevent crime and increase public safety. But that's not what Prop. 6 does. Prop. 6 pours tax dollars into unproven programs with no real oversight or accountability, robbing effective anti-crime programs of funding.

PROP. 6 WOULD THREATEN SCHOOL FUNDING

Prop. 6 doesn't pay for itself so there'll be less money for schools, healthcare, and other vital programs.

Visit www.votenoprop6.com to see a list of groups opposing Prop. 6, including former law enforcement officials, taxpayer and children's groups, faith leaders, and civil rights groups.

Prop. 6 is nothing more than a raid on the state treasury being marketed with public safety slogans.

Vote No on Prop. 6!

LOU PAULSON, President
California Professional Firefighters
STEPHAN B. WALKER, Chief Executive Officer
Minorities in Law Enforcement

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 6 ★

Government's first priority is the safety of its citizens. Yet our state budget does not do enough to keep our neighborhoods safe from gangs, drug dealers, and violent criminals.

The Legislature consistently shortchanges local law enforcement's fight to rid neighborhoods of violent gangs. California's public safety spending is nearly 14% less than it was in 2003, in today's dollars.

YES on 6—RETURNS TAXPAYERS' MONEY TO LOCAL LAW ENFORCEMENT

Proposition 6 asks voters to prioritize 1% of California's General Fund Budget for local law enforcement without raising taxes.

"The Safe Neighborhoods Act is a sound public safety investment. It measures results in gang and crime prevention with a refreshing level of accountability seldom seen in government." — Lew Uhler, President, The National Tax Limitation Committee

YES on 6—SAFER SCHOOLS FOR OUR CHILDREN

Proposition 6 keeps our children safe, while education will continue to receive full funding.

The ATTORNEY GENERAL reported in 2007, that "the constant presence of . . . gangs make it difficult for students to travel to and from school safely. Gangs threaten, intimidate and recruit; they shoot, rob, and assault students near school entrances . . . at bus stops."

"Proposition 6 helps keep gangs, drugs, and violence out of our schools—ensuring a safe learning environment for our children." — Jamie Goodreau, Los Angeles County Teacher of the Year, 2003

BROAD SUPPORT FOR SAFE NEIGHBORHOODS ACT

Every California sheriff, California Police Chiefs Association, California District Attorneys Association, Chief Probation Officers of California, and Hispanic American Police Command Officers support Proposition 6.

VOTE YES ON 6.

ROD PACHECO, District Attorney
Riverside County
LAURIE SMITH, Sheriff
Santa Clara County
RON COTTINGHAM, President
Peace Officers Research Association of California

PROPOSITION 7

RENEWABLE ENERGY GENERATION. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

RENEWABLE ENERGY GENERATION. INITIATIVE STATUTE.

- Requires utilities, including government-owned utilities, to generate 20% of their power from renewable energy by 2010, a standard currently applicable only to private electrical corporations.
- Raises requirement for utilities to 40% by 2020 and 50% by 2025.
- Imposes penalties, subject to waiver, for noncompliance.
- Transfers some jurisdiction of regulatory matters from Public Utilities Commission to Energy Commission.
- Fast-tracks approval for new renewable energy plants.
- Requires utilities to sign longer contracts (20 year minimum) to procure renewable energy.
- Creates account to purchase rights-of-way and facilities for the transmission of renewable energy.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased state administrative costs of up to $3.4 million annually for the regulatory activities of the California Energy Resources Conservation and Development Commission and the California Public Utilities Commission, paid for by fee revenues.
- Unknown impact on state and local government costs and revenues due to the measure's uncertain impact on retail electricity rates. In the short term, the prospects for higher rates—and therefore higher costs, lower sales and income tax revenues, and higher local utility tax revenues—are more likely. In the long term, the impact on electricity rates, and therefore state and local government costs and revenues, is unknown.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

California Electricity Providers

Californians generally receive electricity service from one of three types of providers:

- Investor-owned utilities (IOUs), which provide 68 percent of retail electricity service.
- Local, publicly owned utilities, which provide 24 percent of retail electricity service.
- Electric service providers (ESPs), which provide 8 percent of retail electricity service.

(See the nearby text box for definitions of commonly used terms throughout this analysis.)

Investor-Owned Utilities. The IOUs are owned by private investors and provide electricity service for profit. The state's three largest electricity IOUs are Pacific Gas and Electric, Southern California Edison, and San Diego Gas and Electric. Each IOU has a unique, defined geographic service area. State law requires each IOU to provide electricity service to customers within its service area. The rates that IOUs can charge their customers are determined by the California Public Utilities Commission (PUC). In addition, PUC regulates how IOUs provide electricity

Commonly Used Terms—Proposition 7

Energy Commission (Energy Resources Conservation and Development Commission). The state agency that forecasts energy supply and demand, implements energy conservation programs, conducts energy-related research, and permits certain power plants.

ESP (Electric Service Provider). A company that provides electricity service directly to customers who have chosen not to receive service from the utility that serves their geographic area.

IOU (Investor-Owned Utility). A privately owned electric utility that has a defined geographic service area and is required by state law to serve customers in that area. The Public Utilities Commission regulates the IOU's rates and terms of service.

Market Price of Electricity. A benchmark price of electricity that is determined by a state agency according to a definition and criteria specified in state law.

Publicly Owned Utility. A local government agency, governed by a board—either elected by the public or appointed by a local elected body—that provides electricity service in its local area.

PUC (Public Utilities Commission). The state agency that regulates various types of utilities, including IOUs and ESPs.

RPS (Renewables Portfolio Standard). Requirement that electricity providers increase their share of electricity from renewable resources (such as wind or solar power) according to a specified time line.

service to their customers. These conditions on electricity rates and service are known as "terms of service."

Publicly Owned Utilities. A publicly owned electric utility is a local government agency, governed by a board—either elected by the public or appointed by a local elected body—that provides electricity service in its local area. Publicly owned electric utilities are not regulated by PUC. Rather, they set their own terms of service. California's major publicly owned electric utilities include the Los Angeles Department of Water and Power and the Sacramento Municipal Utility District.

Electric Service Providers. The ESPs provide electricity service to customers who have chosen not to receive service from the utility that serves their geographic area. Instead, these customers have entered into "direct access" contracts with ESPs. Under a direct access contract, an ESP delivers electricity to the customer through the local utility's electricity transmission wires.

There are currently around 20 registered ESPs in the state. These ESPs generally serve large industrial and commercial customers. The ESPs also provide electricity to some state and local government agencies, such as several University of California campuses and some local school districts.

The state's regulatory authority over ESPs is limited. Although the PUC does not set an ESP's terms of service, including the rates it charges its customers, it does require ESPs to meet a limited set of requirements, including proof that they have enough electricity supply to meet demand.

Electricity Infrastructure

Major Components. Four principal components comprise California's system for generating and delivering electricity:

- Electricity generating facilities.
- The interstate electricity transmission grid.
- Electricity transmission lines that tie generation facilities to the grid.
- Electricity distribution lines that connect the electricity grid to electricity consumers.

Regulatory responsibility for permitting this infrastructure is held by one or more federal, state, and local agencies, depending on the particular project.

Permitting Authority. Permitting authority for an electricity generating facility is determined by the type and size of the facility to be operated. For example, hydroelectric generating facilities, such as dams, are permitted by the Federal Energy Regulatory Commission (FERC). Thermal electricity generating facilities—primarily natural gas-fired power plants—capable of generating 50 megawatts or more of electricity are issued permits by the state's Energy Resources Conservation and Development Commission (Energy Commission). Most other electricity generating facilities—including many types of renewable energy generating facilities, such as wind turbines and nonthermal solar power plants—are permitted by local government.

Permitting authority over electricity transmission lines depends upon the function of the line to be built, as well as the type of electricity provider that will own the line. Depending upon its function and ownership, a line may be permitted by FERC, the Energy Commission, PUC, or local government.

Energy Commission's Permit Processing Time Frames. Existing law defines the time frames within which the Energy Commission must approve or deny an application to construct and operate an electricity generating facility or transmission line under its jurisdiction. Those time frames are 18 months for most applications, or 12 months for applications meeting certain conditions.

Energy From Renewable Resources

Renewables Portfolio Standard. Current law requires IOUs and ESPs to increase the amount of electricity they acquire (from their own sources or purchased from others) that is generated from renewable resources, such as solar and wind power. This requirement is known as the renewables portfolio standard (RPS). Each electricity provider subject to the RPS must increase its share of electricity generated from eligible renewable resources by at least 1 percent each year so that, by the end of 2010, 20 percent of its electricity comes from renewable sources. (As discussed later, publicly owned utilities are subject to a different renewable energy requirement.)

IOU Obligations Under the RPS Limited by a Cost Cap. Current law limits the amount of renewable electricity an IOU is required to acquire under the RPS, regardless of the annual RPS targets that apply to the IOU. The limit is based on two cost-related factors:

- The "market price of electricity," as that price is defined by PUC according to criteria specified in state law.

For text of Proposition 7, see page 120.

- The amount of money that would have been collected from electricity ratepayers under a previously operating state program to subsidize the cost of renewable electricity.

An IOU is required to acquire renewable electricity even at a cost that exceeds the PUC-defined market price of electricity. An IOU that does not acquire sufficient amounts of renewable electricity may face monetary penalties. However, an IOU is required to acquire such higher-cost renewable electricity only to the extent that the above-market costs are less than the amount of funds that the IOU would have collected under the previously operating state subsidy program. In this way, current law caps the annual cost of complying with the RPS, both to IOUs and to their customers who ultimately pay these costs through rates charged to them.

Enforcing the RPS. Current law requires PUC to enforce IOU and ESP compliance with the RPS. Only the IOUs are required to submit plans that describe how they will meet RPS targets at the least possible cost. In addition, IOUs and ESPs generally must offer contracts to purchase renewable resources of no less than ten years.

The PUC may fine an IOU or an ESP that fails to meet its year-to-year RPS target. The PUC has set the amount of the penalties at 5 cents per kilowatt hour by which the IOU or ESP falls short of its RPS target. The PUC has capped the total amount of penalties an IOU or ESP can be charged in a year at $25 million. Current law does not direct the use of these penalty monies, which generally are deposited in the state General Fund.

Publicly Owned Utilities Set Their Own Renewable Energy Standards. Current law does not require publicly owned utilities to meet the same RPS that other electricity providers are required to meet. Rather, current law directs each publicly owned utility to put in place and enforce its own renewables portfolio standard and allows each publicly owned utility to define the electricity sources that it counts as renewable. No state agency enforces publicly owned utility compliance or places penalties on a publicly owned utility that fails to meet the renewable energy goals it has set for itself.

Progress Towards Meeting the State's RPS Goal. The different types of electricity providers vary in their progress towards achieving the state's RPS goal of having 20 percent of electricity generated from renewable sources by 2010. As of 2006 (the last year for which data are available), the IOUs together had 13 percent of their electricity generated from renewable resources. The ESPs had 2 percent of their electricity generated from those same types of resources. Using their own, various definitions of "renewable resources," the publicly owned utilities together had nearly 12 percent of their electricity generated from renewable resources. If the current definition of renewable resources in state law that applies to IOUs and ESPs (which does not include large hydroelectric dams, for example) is applied to the publicly owned utilities, their renewable resources count falls to just over 7 percent as of 2006. However, in recent years, publicly owned utilities have increased their renewable electricity deliveries at a faster rate than have the IOUs, according to data compiled by the Energy Commission.

PROPOSAL

Overview of Measure

This measure makes a number of changes regarding RPS and the permitting of electricity generating facilities and transmission lines. Primarily, the measure:

- Establishes additional, higher RPS targets for electricity providers.
- Makes RPS requirements enforceable on publicly owned utilities.
- Changes the process for defining "market price of electricity."
- Changes the cost cap provisions that limit electricity provider obligations under the RPS.
- Expands scope of RPS enforcement.
- Revises RPS-related contracting period and obligations.
- Sets a lower penalty rate in statute and removes the cap on the total penalty amount for failure to meet RPS requirements.
- Directs the use of RPS penalty revenues.
- Expands Energy Commission's permitting authority.

Each of these components is described below.

Individual Components of Measure

Establishes Additional, Higher RPS Targets. The measure adds two new, higher RPS targets—40 percent by 2020 and 50 percent by 2025. Each electricity provider would need to meet the targets by increasing the share of electricity that it acquires that is generated from renewable energy by at least 2 percent a year, rather than the current 1 percent per year. The measure eliminates the requirement

under current law that an electricity provider compensate for failure to meet an RPS target in any given year by procuring additional renewable energy in subsequent years.

Makes RPS Requirements Enforceable on Publicly Owned Utilities. The measure requires publicly owned utilities generally to comply with the same RPS as required of IOUs and ESPs, including the current RPS goal to increase to 20 percent by 2010 the proportion of each electricity provider's electricity that comes from renewable resources. The measure also gives the Energy Commission authority to enforce RPS requirements on publicly owned utilities. The measure, however, specifies that the Energy Commission does not have the authority to approve or disapprove a publicly owned utility's renewable resources energy contract, including its terms or conditions.

Changes Process for Defining "Market Price of Electricity." The measure makes two major changes in how the market price of electricity is defined for purposes of implementing the RPS. First, the measure shifts from PUC to the Energy Commission responsibility for determining the market price of electricity. Second, the measure adds three new criteria to current-law requirements that the Energy Commission would need to consider when defining the market price of electricity. These criteria include consideration of the value and benefits of renewable resources.

Changes the Cost Cap Provisions That Limit Electricity Provider Obligations Under the RPS. As under current law, the measure provides a cost cap to limit the amount of potentially higher-cost renewable electricity that an IOU must acquire regardless of the annual RPS targets. The measure extends the cost cap limit to ESPs as well. The measure requires that an electricity provider acquire renewable electricity towards meeting annual RPS targets, or face monetary penalties, only as long as the cost of such electricity is no more than 10 percent above the Energy Commission-defined market price for electricity. The potentially higher cost of electricity generated from renewable resources would be recovered by IOUs and ESPs through rates charged to their customers, but subject to this 10 percent cost cap. Publicly owned utilities also could recover these potentially higher costs through rates charged to their customers. However, the costs of publicly owned utilities would not be subject to a cost cap similar to that which applies to IOUs and ESPs.

Expands Scope of RPS Enforcement. The measure expands PUC's current RPS-related enforcement mechanisms over IOUs to encompass ESPs. The enforcement mechanisms include review and adoption of renewable resources procurement plans, related rate-setting authority, and penalty authority. The measure grants to the Energy Commission similar RPS-related enforcement authority over publicly owned utilities.

Revises RPS-Related Contracting Period and Obligations. The measure requires all electricity providers—including publicly owned utilities—to offer renewable energy procurement contracts of no less than 20 years, with certain exceptions. The measure further requires an electricity provider to accept all offers for renewable energy that are at or below the market price of electricity as defined by the Energy Commission.

Sets Lower Penalty Rate in Statute and Removes Cap on Total Penalty Amount. The measure includes a formula to determine monetary penalties for an electricity provider that fails to sign contracts for sufficient amounts of renewable energy. The penalty formula is 1 cent per kilowatt hour by which the provider falls short of the applicable RPS target. The measure's formula therefore reflects a penalty *rate* that is lower than the 5 cents per kilowatt hour penalty rate currently established by the PUC. However, the measure also specifies that neither PUC nor the Energy Commission shall cap the *total* amount of penalties that may be placed on an electricity provider in any given year.

In addition, the measure states that no electricity provider shall recover the cost of any penalties through rates paid by its customers. However, it is unclear how this prohibition will apply to publicly owned utilities. This is because publicly owned utilities typically have no other source of revenues which could be used to pay a penalty other than rates paid by their customers.

Finally, the measure also specifies the conditions under which PUC or the Energy Commission, as applicable, may waive the statutorily prescribed penalty, such as when the electricity provider demonstrates a "good faith effort" to meet the RPS.

Directs Use of Penalty Monies. The measure directs that any RPS-related penalties (along with other specified revenues) be used to facilitate, through property or right-of-way acquisition and construction of transmission facilities, development of transmission infrastructure necessary to achieve RPS. The measure specifies that the Energy Commission will hold title to any properties acquired with such funds.

For text of Proposition 7, see page 120.

Expands Energy Commission's Permitting Authority. The measure expands the Energy Commission's existing permitting authority in two major ways, not limited to the RPS. Specifically, the measure:

- Grants the Energy Commission the authority to permit new nonthermal renewable energy power plants capable of producing 30 megawatts of electricity or more. The new permitting authority would include related infrastructure, such as electricity transmission lines that unite the plant with the transmission network grid. Currently, this permitting authority rests with local governments.
- Gives the Energy Commission the authority to permit IOUs to construct new transmission lines within the electricity transmission grid, currently a responsibility solely of the PUC at the state level. It is unclear, however, whether the measure has removed PUC's authority in giving it to the Energy Commission.

The measure specifies that the Energy Commission is to issue a permit for a qualifying renewable energy plant or related facility within six months of the filing of an application. However, the commission is not required to issue the permit within the six-month time frame if there is evidence that the facility would cause significant harm to the environment or the electrical system or in some way does not comply with legal or other specified standards.

Declares Limited Impact on Ratepayer Electricity Bills. In its findings and declarations, the measure states that, in the "short term," California's investment in solar and clean energy (which would include the implementation of the measure) will result in no more than a 3-percent increase in electricity rates for consumers. However, the measure includes no specific provisions to implement or enforce this declaration.

FISCAL EFFECTS

State and Local Administrative Impacts

Increased Energy Commission Costs. The measure will increase the annual administrative costs of the Energy Commission by approximately $2.4 million due to new responsibilities and expansion of existing duties. Under current law, the additional costs would be funded by fees paid by electricity customers.

The measure gives the Energy Commission new responsibilities which currently are carried out by PUC—namely, defining the market price of electricity and permitting IOU-related transmission lines. However, significant offsetting reductions in PUC's costs may not result under this measure. This is because the measure does not amend the State Constitution to delete from PUC's portfolio of responsibilities those which are given to the Energy Commission. To the extent PUC continues to carry out its existing duties, there likely will not be offsetting savings to PUC.

Increased PUC Costs. In addition, the measure's other requirements will increase annual administrative costs of the PUC by up to $1 million. These additional costs will result from greater workload related to the increased RPS targets. Under current law, these additional costs would be funded by fees paid by electricity customers.

Uncertain Effect on Local Government Administrative Costs. The measure shifts from local government to the Energy Commission responsibility for permitting certain renewable energy facilities. As a consequence, the measure will result in administrative cost savings of an unknown amount to local governments. However, local governments may face new costs associated with representing their interests at Energy Commission proceedings to permit renewable energy facilities. It is uncertain whether, on balance, savings to local governments will outweigh costs resulting from this measure. In any event, the overall net impact on local government administrative costs statewide is likely to be minor.

State and Local Government Costs and Revenues

The primary fiscal effect of this measure on state and local governments would result from any effect it would have on electricity rates. As discussed below, changes in electricity rates would affect both government costs and revenues.

Unknown Effect on State and Local Government Costs

Overview. Changes in electricity rates would affect government *costs* since state and local governments are large consumers of electricity. It is unknown, however, how the measure will affect electricity rates, both in the short term and in the longer term. This is because it is difficult to predict the relative prices of renewable resources and those of conventional electricity sources, such as natural gas. The measure could result in higher or lower electricity rates from what they would otherwise be.

Short Term. We conclude that the prospects for higher electricity rates are more likely in the short term, based on a comparison of current cost factors for key renewable resources with those for conventional resources. These cost factors include the cost of facility construction and technology, as well as day-to-day operational costs, which include the cost of inputs into the electricity generation process such as fuel. Over the short term at least, these cost factors are more likely to keep the cost of electricity generated from renewable resources, and hence the rates paid by electricity customers for that electricity, above the cost of electricity generated from conventional resources. However, the potential for higher electricity rates to the customer, including state and local governments, might be limited by the measure. This is because the measure caps the cost that privately owned electricity providers must pay for electricity from renewable resources. The cap will be set in relation to the market price of electricity, which will be determined by the Energy Commission. However, because the measure allows the commission substantial discretion in determining the market price of electricity, it is uncertain how the commission will set this cap. In turn, the effect of the cap on the price of electricity paid by customers is unknown.

Long Term. In the long run, there are factors that may be affected by the measure that have the potential either to increase or to decrease electricity rates from what they otherwise would be. For example, to the extent that the measure advances development of renewable energy resources in a manner that lowers their costs, electricity customers might experience longer-term savings. On the other hand, the same cost factors that could lead to short-term electricity rates that are higher might also lead to higher long-run electricity rates. To the extent that the measure requires electricity providers to acquire more costly electricity than they otherwise would, they will experience longer-term cost increases. It is unknown whether, on balance, factors that could increase electricity rates over the long term will outweigh those that could decrease electricity rates over the long term. Therefore, the long-term effect of the measure on government costs is unknown.

Unknown Effect on State and Local Government Revenues

Overview. State and local *revenues* also would be affected by the measure's impact on electricity rates. This is for two reasons. First, some local governments charge a tax on the cost of electricity use within their boundaries. To the extent that the measure results in an increase or a decrease in electricity rates compared to what they would be otherwise, there would be a corresponding increase or decrease in these local tax revenues. Second, tax revenues received by governments are affected by business profits, personal income, and taxable sales—all of which in turn are affected by what individuals and businesses pay for electricity. Higher electricity costs will lower government revenues, while lower electricity costs will raise these revenues.

Short Term. On balance, as explained above, we believe that the prospects for electricity rates that are higher than they would otherwise be are more likely in the short term. However, as also is the case with state and local government costs, the measure's potential to lower state and local government revenues due to higher electricity rates might be limited by the measure's cost cap provision. Thus, for the short term, to the extent that the measure results in higher electricity rates from what they would otherwise be, local utility user tax revenues would increase and state and local sales and income tax revenues would decrease. The overall short-term net effect of the measure on state and local revenues is unknown.

Long Term. As for the long run, as explained above, the measure has the potential to either increase or decrease electricity rates. Because the measure's effect on long-term electricity rates is unknown, the measure's effect on long-term government revenues is also unknown.

For text of Proposition 7, see page 120.

★ ARGUMENT IN FAVOR OF PROPOSITION 7 ★

Vote Yes on Proposition 7.

- We can do better than dirty coal, nuclear power, and offshore drilling.

Proposition 7, The Solar and Clean Energy Act, requires all utilities to provide more solar, wind, geothermal, biomass, tidal, and small hydroelectric energy. Renewable energy standards are increased 2% per year, over seventeen years, so that half of our electricity will come from cleaner and cheaper sources by 2025.

Proposition 7 is a balanced solution that will reduce the rising costs of energy, and limit the dangers of global warming, including increased wildfires, water shortages, threats to endangered species, and illnesses from heat induced pollution.

Proposition 7 was carefully written and reviewed by legal, energy, and environmental experts.

Proposition 7 requires the California Energy Commission to designate solar and clean energy production zones, primarily in our vast deserts.

Vote Yes on Proposition 7 to:

- Make California the world leader in clean power technology.
- Help create over 370,000 new high wage jobs.

Proposition 7 meets all environmental protections, including:

- The California Environmental Quality Act.
- The Desert Protection Act.
- Local Government Reviews.

Vote Yes on Proposition 7 to help grow a strong market for large, and small, solar and renewable energy businesses. California firms have developed this proven technology that will meet our present and future electricity needs.

The independent, nonpartisan California Legislative Analyst found that administration of Proposition 7's renewable energy standards would only cost three and a half million dollars. Also, if the utilities fail to meet renewable energy standards, utilities are prohibited from passing on penalty costs to consumers.

Proposition 7's shift to solar and clean energy is guaranteed to never add more than 3% per year to our electricity bills.

So, why are the utilities spending tens of millions of dollars on "greenwashing" propaganda; sponsoring political parties; and partnering with select environmental groups to mislead us?

Because California's electric utilities have a dirty little secret:

Most of California's electricity comes from burning coal and fossil fuels.

Experts agree that 40% of global warming pollution comes from this type of electricity generation.

Electricity from dirty power plants, owned, operated, or transmitted by California utilities, releases 107 million metric tons of greenhouse gas pollution each year. That makes California the world's 16th largest global warming polluter. (Half of Los Angeles' electricity is generated with out-of-state coal.)

Remember, the utilities botched the 2001 energy crisis; then paid their top executives million dollar bonuses.

Vote Yes on Proposition 7.

- Energy from the sun, wind, tides, and heat from the earth will always be clean, free, safe, and unlimited.
- Expensive fossil fuels, oil and gas drilling, and dangerous nuclear power, will cost Californians more.

We need to do something major and environmentally smart, to stop global warming pollution.

Let's stop relying on foreign oil, and imported energy, so that future generations can live in peace.

California is especially blessed with renewable energy resources.

We can lead the world in clean energy!

Vote Yes on Proposition 7. www.solarandcleanenergy.org

DR. DONALD W. AITKEN, Ph.D., Renewable Energy Scientist
JOHN L. BURTON, California State Senate President Pro Tem (Ret.)
JIM GONZALEZ, Chair
Californians for Solar and Clean Energy

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 7 ★

WHO DO YOU BELIEVE?

The statement above is signed by only a few individuals. But Prop. 7 is OPPOSED by dozens of organizations, representing millions of Californians, leading the fight for more renewable power and against global warming, including:

- California Solar Energy Industries Association
- California League of Conservation Voters
- Natural Resources Defense Council
- Center for Energy Efficiency and Renewable Technologies
- Environmental Defense Fund
- Union of Concerned Scientists

These organizations carefully reviewed Proposition 7 and concluded it's fatally flawed, ridden with loopholes, and will slam the brakes on renewable power development. To effectively fight global warming, we must get the solutions right. Prop. 7 gets it all wrong.

That's why 7 is also OPPOSED by:

- California Taxpayers' Association
- California Democratic Party
- California Republican Party
- Consumers Coalition of California
- Dozens of environmental, taxpayer, labor, senior, utilities, and business organizations.

READ THE FINE PRINT

It doesn't matter what proponents *claim* their measure will do. What matters is what's in the actual proposition.

- Prop. 7 forces small renewable energy companies out of California's market, eliminating competition and thousands of jobs.
- There is NO LANGUAGE in the text of 7 that limits increases in our electricity bills.
- Prop. 7 allows power providers to always charge 10% above market price of power, stifling competition for renewable energy.
- Prop. 7 will cost us hundreds of millions of dollars in higher electricity and taxpayer costs, will not achieve its goals, and will stall efforts to substitute renewables for more expensive power.

VOTE NO on 7! *www.NoProp7.com*

TOM ADAMS, Board President
California League of Conservation Voters
GARY T. GERBER, President
Sun Light & Power
BETTY JO TOCCOLI, President
California Small Business Association

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

★ ARGUMENT AGAINST PROPOSITION 7 ★

Wind, solar, and other renewable power providers; environmental, consumer, and taxpayer groups; business and labor; and global warming scientists all OPPOSE Proposition 7.

Prop. 7—paid for by an Arizona billionaire with no energy expertise—is a deeply flawed measure that will:

- NOT achieve its stated goals and will actually *disrupt* renewable power development.
- Shut small renewable energy companies out of California's market.
- Unnecessarily increase electric bills and taxpayer costs by hundreds of millions of dollars, without achieving its stated goals.
- Create market conditions that could lead to another energy crisis.

PROP. 7 FORCES SMALL WIND AND SOLAR ENERGY COMPANIES OUT OF THE MARKET.

Prop. 7 contains a competition elimination provision shutting smaller renewable energy companies out of California's market. Renewable power from plants under 30 megawatts won't count toward meeting the law. Today, nearly 60 percent of contracts under California's renewable requirements are with these small providers.

"Proposition 7 would devastate California's small solar businesses by forcing us out of the market—eliminating a major source of clean power and thousands of jobs." — Sue Kateley, Executive Director, California Solar Energy Industries Association

PROP. 7 ALLOWS ENERGY PRICES TO BE CONTINUALLY LOCKED IN AT 10% ABOVE MARKET RATES AND LIMITS COMPETITION.

Proposition 7 allows power providers to always charge 10% above the market price of power, stifling competition for renewable power.

And nothing in Prop. 7 limits increases in our electric bills.

PROP. 7 DISRUPTS THE RENEWABLES MARKET AND COSTS CONSUMERS AND TAXPAYERS HUNDREDS OF MILLIONS OF DOLLARS.

"Prop. 7 has many troubling provisions that will significantly increase costs for electricity consumers and harm the California economy." — Philip Romero, Ph.D., Former Chief Economist, California Office of Planning and Research

"Prop. 7's flawed provisions will disrupt renewable power development, unnecessarily drive up costs, and stall efforts to substitute clean power for more expensive energy sources." — Sheryl Carter, Energy Program Co-Director, Natural Resources Defense Council

"Proposition 7 would lead to more bureaucracy and red tape and cost taxpayers hundreds of millions of dollars." — Teresa Casazza, President, California Taxpayers' Association

WE'RE STILL PAYING FOR THE LAST ENERGY CRISIS.

Prop. 7 will create market conditions ripe for manipulation, much like ENRON took advantage of consumers during the energy crisis.

"California consumers are still paying almost $1 billion each year—nearly $100 for every electricity customer—for the last energy crisis. We don't need a poorly-written measure that will lead to another energy crisis and higher electric bills." — Betty Jo Toccoli, President, California Small Business Association

OPPOSED BY LEADING ENVIRONMENTAL ORGANIZATIONS AND RENEWABLE POWER PROVIDERS.

California leads the nation with clean energy standards requiring utilities to significantly increase renewable power, and we're expanding those efforts. Prop. 7 jeopardizes this progress.

Organizations leading the fight against global warming all OPPOSE Prop. 7:

- California League of Conservation Voters
- California Solar Energy Industries Association
- Center for Energy Efficiency and Renewable Technologies
- Environmental Defense Fund
- Natural Resources Defense Council
- Union of Concerned Scientists

Vote NO on Prop. 7. www.NoProp7.com

SUE KATELEY, Executive Director
California Solar Energy Industries Association
TOM ADAMS, Board President
California League of Conservation Voters
TERESA CASAZZA, President
California Taxpayers' Association

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 7 ★

THE FOR-PROFIT UTILITY COMPANIES OPPOSE PROPOSITION 7

BIG MONEY IS BEING USED AGAINST A PROPOSITION THAT GUARANTEES CALIFORNIANS CLEAN ELECTRICITY FOR DECADES TO COME.

Three powerful utilities (Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric) are funding the campaign against Proposition 7.

Did you notice that nowhere in their argument against Proposition 7 did they say how they would help reduce global warming? Or create the 370,000 jobs?

Instead, they make inaccurate charges to scare small renewable companies and consumers. The independent Legislative Analyst's report doesn't back their false claims.

JUDGE FOR YOURSELF:

- Why are both state political parties opposing Proposition 7? Could it be that the utility companies gave $1.5 million to the state Democratic Party and $1.1 million to the state Republican Party in the last four years? And more is coming!
- Why are some renewable energy providers opposing Proposition 7? Could it be that under Proposition 7 they'll be required to pay their workers the prevailing wage?
- Why do hand-picked environmental organizations oppose Proposition 7? Could it be they sit on many of the same boards and committees as the utilities do?

California is the 16th largest global warming polluter.

We need to change how we make electricity.

California can help solve the moral challenge of our time: global warming and climate change.

We can do it with the renewable energy resources and technology we have now. That's the choice.

Vote YES on Proposition 7. www.Yeson7.net

DOLORES HUERTA, Co-Founder
United Farmworkers Union
CONGRESSMAN PAUL "PETE" McCLOSKEY JR. (Ret.)
JIM GONZALEZ, Chair
Californians for Solar and Clean Energy

PROPOSITION

10 ALTERNATIVE FUEL VEHICLES AND RENEWABLE ENERGY. BONDS. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

ALTERNATIVE FUEL VEHICLES AND RENEWABLE ENERGY. BONDS. INITIATIVE STATUTE.

- Provides $3.425 billion to help consumers and others purchase certain high fuel economy or alternative fuel vehicles, including natural gas vehicles, and to fund research into alternative fuel technology.
- Provides $1.25 billion for research, development and production of renewable energy technology, primarily solar energy with additional funding for other forms of renewable energy; incentives for purchasing solar and renewable energy technology.
- Provides grants to cities for renewable energy projects and to colleges for training in renewable and energy efficiency technologies.
- Total funding provided is $5 billion from general obligation bonds.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State costs of about $10 billion over 30 years to pay off both the principal ($5 billion) and interest ($5 billion) costs of the bonds. Payments of about $335 million per year.
- Increase in state sales tax revenues of an unknown amount, potentially totaling in the tens of millions of dollars, over the period from 2009 to about 2019.
- Increase in local sales tax and vehicle license fee revenues of an unknown amount, potentially totaling in the tens of millions of dollars, over the period from 2009 to about 2019.
- Potential state costs of up to about $10 million annually, through about 2019, for state agency administrative costs not funded by the measure.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

State Energy and Air Quality Programs. The state administers a number of programs to promote renewable energy (such as solar and wind power), alternative clean fuels (such as natural gas), energy efficiency, and air quality improvements. Some programs provide financial incentives, such as grants, loans, loan guarantees, rebates, and tax credits. Funding for these programs has primarily come from fee revenues, although general obligation (GO) bonds more recently have been a funding source for air quality-related incentive programs.

State and Local Taxes and Local Vehicle License Fee (VLF) Revenues. State and local governments levy a number of taxes, including the sales and use tax (SUT). The SUT is levied on the final purchase price of tangible personal items, with a number of specified exemptions. The SUT has two rate components: one state and one local. The state SUT rate is currently 6.25 percent, of which 1 percent is distributed to local governments. The local SUT rate currently varies between 1 percent and 2.5 percent, depending on the local jurisdiction in which the tax is levied. Thus, the overall rate in California varies from 7.25 percent to 8.75 percent. In addition, the state collects an annual VLF on motor vehicles. Most of these VLF revenues are distributed to cities and counties. Currently, the VLF rate is equal to 0.65 percent of a motor vehicle's depreciated purchase price.

PROPOSAL

Authority to Sell GO Bonds. This measure allows the state to sell $5 billion in GO bonds for various renewable energy, alternative fuel, energy efficiency, and air emissions reduction purposes. Figure 1 summarizes the definitions of key terms used in the measure.

Figure 1

Key Terms as Defined in Proposition 10

Clean Alternative Fuel. Natural gas or any fuel that achieves at least a 10-percent reduction in carbon emissions when compared to conventional petroleum-based fuels.

Clean Alternative Fuel Vehicle. Generally, a vehicle powered by a clean alternative fuel.

Dedicated Clean Alternative Fuel Vehicle. A vehicle powered exclusively by specified clean alternative fuels—biomethane, electricity, hydrogen, natural gas, propane, or any combination thereof.

High Fuel Economy Vehicle. A light-duty on-road vehicle (weighing less than 8,500 pounds[a]) that can achieve a fuel economy of 45 miles per gallon for highway use.

Very High Fuel Economy Vehicle. A light-duty on-road vehicle (weighing less than 8,500 pounds[a]) that can achieve a fuel economy of 60 miles per gallon for highway use.

[a] Currently, the average light-duty passenger vehicle weighs less than 4,500 pounds.

For more information regarding GO bonds, please refer to the section of this ballot pamphlet entitled "An Overview of State Bond Debt."

Figure 2 summarizes the available uses of the bond money, which primarily would (1) provide $3.4 billion for financial incentives to reduce the cost to purchase or lease high fuel economy vehicles and dedicated clean alternative fuel vehicles (primarily rebates for trucks and other medium- and heavy-duty vehicles), and (2) $1.6 billion to fund research, design, development, and deployment of renewable electricity generating technology. The measure allocates the bond funds among four accounts, as shown in Figure 2.

Figure 2

Proposition 10
Uses of Bond Funds

		Amounts (In Millions)
Clean Alternative Fuels Account		**$3,425**
Rebates—Ranging from $2,000 to $50,000 per rebate.	$2,875	
• High Fuel Economy Vehicles.	*($110)*	
• Very High Fuel Economy Vehicles.	*(230)*	
• Dedicated Clean Alternative Fuel Vehicles:		
—Light-duty vehicles weighing less than 8,500 pounds.[a]	*(550)*	
—Light-medium-duty vehicles weighing between 8,500 and 13,999 pounds.	*(310)*	
—Heavy-medium-duty vehicles weighing between 14,000 and 24,999 pounds.	*(650)*	
—Heavy-duty vehicles weighing 25,000 pounds or more.	*(1,000)*	
• Home refueling station rebates ($2,000 per rebate).	*(25)*	
Financial incentives—Research, development, and demonstration of alternative-fuel and high-efficiency vehicles, and alternative fuels.[b]	$550	
Solar, Wind, and Renewable Energy Account		**$1,250**
Financial incentives—Research, design, development, construction, and production of electric generation technology that reduces generation cost and greenhouse gas emissions.[b,c]	$1,000	
Financial incentives—Equipment to produce electricity from renewable resources.[b]	250	
Demonstration Projects and Public Education Account		**$200**
Grants to local governments—Construction and operation of alternative and renewable energy demonstration projects.	$200	
Education, Training, and Outreach Account		**$125**
Grants to public universities and colleges—Staff development, training, research, and tuition assistance for alternative fuel and clean energy technology commercialization (making the new technology ready for sale in the commercial market) and workforce development. At least $25 million for outreach and public education.	$125	
Total		**$5,000**

[a] Currently, the average light-duty passenger vehicle weighs less than 4,500 pounds.
[b] Financial incentives could include low-interest loans, loan guarantees, and grants.
[c] At least 80 percent of the funds ($800 million) must support financial incentives for solar technology.

For text of Proposition 10, see page 132.

State Agency Administration of Bond Funds. The measure designates various state agencies to administer different components of the measure. Specifically, the State Board of Equalization (BOE) would administer the alternative-fuel vehicle rebates, the Air Resources Board would administer the incentives for alternative-fuel research and development, and the California Energy Resources Conservation and Development Commission would administer the renewable energy incentives and the monies available for grants to local governments and public higher education institutions. Regarding BOE's administration of the rebates, the measure provides that BOE shall calculate the SUT applicable to the sale or lease of a vehicle at the pre-rebate purchase or lease price.

The measure requires each state administering agency to adopt program milestones, provide for annual independent audits, issue annual progress reports, and establish procedures for oversight of the awarding of incentives. The measure also requires that the monies allocated to each bond account be spent within ten years, with reasonable efforts to be made to spend the monies for alternative-fuel vehicle rebates within five years.

Finally, the measure specifies that not more than 1 percent of the funds in each account established by the measure may be used to pay for program administration.

FISCAL EFFECT

Bond Costs. The cost of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. The state would likely make principal and interest payments from the state's General Fund over a period of 30 years. If the bonds were sold at an average interest rate of about 5 percent, the cost would be about $10 billion to pay off both the principal ($5 billion) and interest ($5 billion). The average payment would be about $335 million per year.

Impact on State Sales Tax Revenues. The measure provides $2.9 billion for a variety of vehicle-related rebates. The rebates are designed to encourage the purchase or lease of vehicles that, presumably, are more expensive than the vehicles that consumers (individuals and businesses) would purchase or lease in the absence of the rebates. To the extent the rebates result in individuals and/or businesses purchasing or leasing vehicles that are more expensive than those that they would otherwise purchase or lease, state sales tax revenues would increase. In addition, consistent with the experience with other vehicle rebate programs in California, retailers may adjust the sales price upwards to account for the individuals and/or businesses being eligible for a rebate. Such an increase in the sales prices of these products would result in an increase in state sales tax revenues. Finally, rebates will result in lower out-of-pocket expenses for some individuals and/or businesses purchasing or leasing vehicles. If these individuals and/or businesses spend any of these savings on other taxable purchases, this will result in increased SUT revenues.

While the exact amount of increased sales tax revenue that would result from the measure would depend on the quantity and actual selling price of vehicles purchased or leased and other behavioral effects in response to the rebates, we estimate that the amount is potentially in the tens of millions of dollars from 2009 to about 2019.

Impact on Local Revenues. The bond-funded incentive programs under the measure would result in the following two effects on local revenues:

- ***Increased Local Sales Tax Revenues.*** As with the measure's impact on state sales tax revenues discussed above, depending on the quantity and actual selling price of vehicles purchased or leased in response to the rebates, the measure would result in increased sales tax revenues to local governments, potentially in the low tens of millions of dollars from 2009 to about 2019.
- ***Increased Local VLF Revenues.*** As stated above, the measure could result in individuals and/or businesses purchasing or leasing vehicles that are more expensive than those they would otherwise purchase or lease. To the extent that the measure results in the purchase or lease of more expensive vehicles than would otherwise be purchased or leased, it would lead to increased local VLF revenues. While the exact amount of any such VLF revenue increase would depend upon the quantity and actual selling price of any vehicles purchased or leased as a result of the rebates offered by the measure, we estimate the increase in VLF revenues to be potentially in the millions of dollars from 2009 to about 2019.

State Administrative Costs to Implement the Measure. The measure's 1-percent limit on administrative costs may leave the various state departments with insufficient funds to implement the programs consistent with the provisions of the proposition. To the extent the measure fails to provide adequate funding for its administration, other state funds may face pressure, potentially averaging up to about $10 million annually, to fund implementation of the measure through about 2018–19.

For text of Proposition 10, see page 132.

★ ARGUMENT IN FAVOR OF PROPOSITION 10 ★

You can take action today to reduce California's dependence on foreign oil; reduce air pollution that causes asthma and cancer; and create new green technology jobs to strengthen our state's economy—without raising taxes. *Vote Yes on Proposition 10.*

PROPOSITION 10 WILL PROVIDE URGENTLY NEEDED FUNDING TO:

- Generate electricity from renewable sources, including solar, wind, tidal, and low-impact hydropower.
- Provide consumer rebates for the purchase or lease of clean alternative fuel vehicles, including hybrids, electric vehicles, and fuel-efficient vehicles that get at least 45 miles per gallon.
- Replace older polluting diesel trucks with clean alternative fuel trucks.
- Fund research and development of cheaper and cleaner alternative fuels.

YES ON 10 WILL LEAD US TO ENERGY INDEPENDENCE

Californians pay billions of dollars to hostile foreign governments while the price of gasoline soars to record levels. Proposition 10 will increase our energy independence through the production of electricity from wind, solar, and other renewable sources and by giving California motorists the choice to buy vehicles that run on electricity produced from renewable sources and cheaper domestic alternative fuels.

PROPOSITION 10 MEANS CLEAN AIR AND A HEALTHIER FUTURE FOR US AND OUR CHILDREN

Most of our transportation fuels, such as gasoline and diesel, create pollution that contains carcinogens and toxins that cause asthma and cancer. Dirty, aging diesel trucks are a leading source of air pollution. As a result, California has four of the ten most polluted cities in America according to the American Lung Association.

Proposition 10 will help replace more than 28,000 diesel trucks with trucks that run on cleaner alternative fuels. It will also provide rebates for consumers who purchase more fuel efficient vehicles and vehicles which run on clean alternative fuels that meet or surpass the state's global warming goals.

PROPOSITION 10 WILL GIVE CONSUMERS MORE ALTERNATIVES TO HIGH-PRICED GASOLINE

Record high gas prices are squeezing California's families and hurting our economy. Proposition 10 invests in research and development of less expensive cleaner alternative fuels and provides rebates to give consumers the choice of purchasing alternative fuel vehicles.

PROPOSITION 10 WILL STRENGTHEN CALIFORNIA'S ECONOMY

By making a significant investment in clean and renewable energy technologies, Proposition 10 will reduce our dependence on foreign oil, develop new clean energy industries in California, and create thousands of good-paying jobs.

YES ON 10 HAS STRICT ACCOUNTABILITY AND EFFICIENCY STANDARDS

Proposition 10 has strict accountability standards to guarantee that funds are used properly. Independent financial analysis and audits are required. Rebates for the purchase of alternative fuel or high-mileage vehicles will be given directly to consumers. There are no new bureaucracies created by Proposition 10.

PROPOSITION 10 WILL NOT RAISE TAXES, FEES, OR UTILITY RATES

Proposition 10 will not raise sales tax rates, vehicle license fees, or utility rates. It will generate millions of dollars for California communities from the sale of new alternative fuel vehicles.

FOR ENERGY INDEPENDENCE, CLEANER AIR, A HEALTHIER FUTURE FOR OUR CHILDREN, AND A STRONGER ECONOMY, PLEASE VOTE *YES* ON *PROPOSITION 10.*

DR. ALAN HENDERSON, Past President
American Cancer Society, California Division

MIGUEL PULIDO, Governing Board Member
South Coast Air Quality Management District

ALLISON HART, Executive Director
Clean and Renewable Energy Association

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 10 ★

Prop. 10 will cost taxpayers nearly $10,000,000,000 in long-term debt. Money that won't go to schools, roads, health care, or public safety. Money that could go primarily to one company owned by the sponsor of this initiative. That's not good public policy.

Proposition 10's money would give taxpayer subsidies up to $50,000 each to buyers of trucks and other vehicles that run on a fossil fuel, natural gas. It is not about "alternative fuels."

Despite proponents' claims, Prop. 10 is craftily written to all but exclude hybrids, plug-in hybrids, electric cars, and other clean fuels.

This well-concealed tilt to one fuel will chiefly benefit Proposition 10's sponsor, Texas oil billionaire T. Boone Pickens. His company is a major supplier of natural gas for vehicles.

Proponents' claims of cleaner air and accountability fail to tell you:

- *Proposition 10 does not require any improvement* in air quality, or any reduction in greenhouse gases.
- It does not require that industries getting tens of millions in "clean energy" grants ever produce clean power.
- And it's unclear that Californians will even benefit from the millions in subsidies and grants they're paying for.

No guarantees. None.

Economists will also tell you that increasing demand for natural gas can indeed *raise your utility rates.*

During a budget crisis, we shouldn't be handing $10 billion in taxpayer dollars to special interest gimmicks. Vote NO on Prop. 10!

DONNA GERBER, Director of Government Relations
California Nurses Association

RICHARD HOLOBER, Executive Director
Consumer Federation of California

JUDY DUGAN, Research Director
Consumer Watchdog

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★ ARGUMENT AGAINST PROPOSITION 10 ★

What do you call it when one company puts a measure on the ballot to put taxpayer dollars in their own pockets?

Special interest legislation. Corporate welfare. Ripping off the taxpayers.

That's the truth about Proposition 10. One company, owned by Texas billionaire oilman T. Boone Pickens, paid ALL the money for the signatures that put this measure on the ballot ($3,000,000!). And—surprise—they are first in line to get the lion's share of the taxpayer dollars it would appropriate.

Proposition 10 would take nearly $10 BILLION OF YOUR TAX DOLLARS primarily to subsidize trucks and large vehicles so that they can run on natural gas sold by—you guessed it—companies like the one owned by T. Boone Pickens.

Even if it was not a special interest sweetheart deal, Proposition 10 would still make no sense. Here's what it does:

In the middle of a budget crisis, it takes taxpayer dollars away from education, healthcare, public safety, and universities in order to provide fleet operators, including very large and profitable corporations, a subsidy for buying or leasing natural gas trucks. That's right. It gives these corporations up to a *$50,000 rebate per truck* they buy or lease—*without even a requirement that their exhaust will improve air quality.*

The state already has a $200 million clean fuels program, paid for by fees, not by cutting vital services. The existing program funds *all* clean transportation, without a bias toward natural gas.

Prop. 10 also duplicates programs that ratepayers are already paying for. Today, electricity ratepayers provide billions to alternative energy through the rates we pay, with closely regulated oversight by the Public Utilities Commission. Prop. 10 would make us pay for virtually the same thing but with less oversight—and the companies will get paid whether they produce any power or not!

Consumers will be hurt too. Most of our home heating and much of our electricity comes from natural gas. So, what happens if we subsidize natural gas vehicles, greatly increasing the demand for expensive natural gas? Our electricity and heating bills will go up!

Tens of millions of dollars in Proposition 10 are directed to public relations, outreach, and other marketing gimmicks. Bonds should be used for paying off infrastructure like roads and schools over time—not for public relations.

Prop. 10 is not what it appears. Read the language carefully.

We all have serious concerns about the environment and want to act responsibly. Providing what appear to be incentives to act more responsibly in our choice of vehicles sounds great.

But Prop. 10 is dishonest about its intent.

It provides little real, sound alternative energy or technology. Prop. 10 requires long-term borrowing for short-term benefits and potentially obsolete technology.

Prop. 10 is bad for taxpayers, bad for vital public services, bad for consumers, and bad for the environment. What is it good for? It could provide billions to the company who put it on the ballot.

Vote NO on 10.

LENNY GOLDBERG, Executive Director
California Tax Reform Association
MARK TONEY, Executive Director
The Utility Reform Network (TURN)
MARTY HITTELMAN, President
California Federation of Teachers

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 10 ★

READ THE OFFICIAL LEGISLATIVE ANALYST REPORT OR GO TO WWW.PROP10YES.COM AND READ THE INITIATIVE. THE SACRAMENTO LOBBYISTS WHO OPPOSE PROPOSITION 10 AREN'T TELLING THE TRUTH.

HERE ARE THE FACTS:

- *Proposition 10 funds go to California consumers—not "Texas oilmen."*

Proposition 10 gives rebates directly to California residents for the purchase of clean alternative fuel vehicles; more than a billion dollars for California renewable energy generation projects, including solar and wind; and grants for California colleges and universities.

- *Proposition 10 will clean our air.*

Studies conducted by the California Air Resources Board found diesel exhaust fumes contribute to thousands of premature deaths from cancer each year and will raise healthcare costs by up to $200 billion by the year 2020.

Proposition 10 provides $1 billion to replace the aging, polluting diesel trucks on our roads with clean trucks that run on electricity, hydrogen, natural gas, or other clean alternative fuels.

- *Proposition 10 provides more money for education—not less.*

Proposition 10 provides $100 million in grants to California colleges and universities to educate and train workers for green technology jobs. An additional $500 million is provided for research and development of cheaper and cleaner alternatives to gasoline.

- *Proposition 10 protects our children and California's future.*

Proposition 10 will ensure our kids breathe cleaner air, are less dependent on foreign oil, have alternatives to gasoline-powered vehicles, and use electricity that is generated in California from solar, wind, and other clean renewable sources.

Vote YES on Proposition 10.

DR. ALAN HENDERSON, Past President
American Cancer Society, California Division
JIM CONRAN, President
Consumers First, Inc.
JOHN D. DUNLAP III, Former Chair
California Air Resources Board

PROPOSITION

12 VETERANS' BOND ACT OF 2008.

OFFICIAL TITLE AND SUMMARY | PREPARED BY THE ATTORNEY GENERAL

VETERANS' BOND ACT OF 2008.

- This act provides for a bond issue of nine hundred million dollars ($900,000,000) to provide loans to California veterans to purchase farms and homes.
- Appropriates money from the state General Fund to pay off the bonds, if loan payments from participating veterans are insufficient for that purpose.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Costs of about $1.8 billion to pay off both the principal ($900 million) and interest ($856 million) on the bonds; costs paid by participating veterans.
- Average payment for principal and interest of about $59 million per year for 30 years.

FINAL VOTES CAST BY THE LEGISLATURE ON SB 1572 (PROPOSITION 12)

Senate:	Ayes 39	Noes 0
Assembly:	Ayes 75	Noes 0

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Since 1921, the voters have approved a total of about $8.4 billion of general obligation bond sales to finance the veterans' farm and home purchase (Cal-Vet) program. As of July 2008, there was about $102 million remaining from these funds that will be used to support new loans.

The money from these bond sales is used by the State Department of Veterans Affairs to purchase farms, homes, and mobile homes which are then resold to California veterans. Each participating veteran makes monthly payments to the department. These payments are in an amount sufficient to (1) reimburse the department for its costs in purchasing the farm, home, or mobile home; (2) cover all costs resulting from the sale of the bonds, including interest; and (3) cover the costs of operating the program.

PROPOSAL

This measure authorizes the state to sell $900 million in general obligation bonds for the Cal-Vet program. These bonds would provide sufficient funds for at least 3,600 additional veterans to receive loans. For more information regarding general obligation bonds, please refer to the section of this ballot pamphlet entitled "An Overview of State Bond Debt."

FISCAL EFFECT

The bonds authorized by this measure would be paid off over a period of about 30 years. If the $900 million in bonds were sold at an interest rate of 5 percent, the cost would be about $1.8 billion to pay off both the principal ($900 million) and the interest ($856 million). The average payment for principal and interest would be about $59 million per year.

Throughout its history, the Cal-Vet program has been totally supported by the participating veterans, at no direct cost to the taxpayer. However, because general obligation bonds are backed by the state, if the payments made by those veterans participating in the program do not fully cover the amount owed on the bonds, the state's taxpayers would pay the difference.

For text of Proposition 12, see page 140.

★ ARGUMENT IN FAVOR OF PROPOSITION 12 ★

On November 7, 1922, the people of California authorized the very first Veterans' Bond Act for the Cal-Vet Home Loan Program. Over the past 85 years there have been 26 Veterans' Bond Acts and Californians have consistently recognized the special debt we owe to those who have served our country in the armed forces by approving all of these bonds.

The Cal-Vet Home Loan Program enables veterans to obtain low-interest rate loans for the purchase of conventional homes, manufactured homes, and mobile homes without costing the taxpayers one cent. More than 420,000 California veterans, including those who served during World War I, World War II, Korea, Vietnam, and more recently, in Iraq and Afghanistan, have become homeowners under the Cal-Vet Home Loan Program.

All costs of the program, including all administration costs, are paid for by veterans holding loans. There have never been any costs to the taxpayers of California, so this is a fiscally sound way to assist veteran men and women as they return to civilian life.

The program is also good for the California economy because, in addition to helping veterans, Cal-Vet home loans generate thousands of housing industry-related jobs with millions of dollars in annual payrolls.

As these bonds are repaid by the veterans, new bonds must be authorized to continue this self-supporting program serving our veterans. That is the purpose of Proposition 12.

This measure was placed on the ballot by a unanimous vote of 75–0 in the State Assembly and 39–0 in the State Senate.

Approval of Proposition 12 will prove once again that Californians keep their promises to the men and women who perform the duty of defending our state and country. It is an appropriate expression of our appreciation for their service and sacrifice.

Your "Yes" Vote on Proposition 12 will enable more veterans to buy homes in California and help the economy at the same time, all with no direct cost to the state's taxpayers.

SENATOR MARK WYLAND, Chairman
Senate Committee on Veterans Affairs
ASSEMBLYMAN GREG AGHAZARIAN
ASSEMBLYMAN TONY STRICKLAND

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 12 ★

If it were true, as proponents claim, that state government can borrow money by selling bonds and then make *"low interest rate loans . . . without costing taxpayers one cent,"* then the government could cheaply borrow and loan money to everyone—not just to some veterans.

The truth, though, is that money can be raised by selling government bonds that pay below-market interest only because the interest paid to bondholders is tax free under federal and state law. In that round-about way, all federal and state taxpayers greatly help foot the bill for all bonds sold (and for all projects or programs funded).

In addition, if anyone who receives a Cal-Vet loan does not make the payments and cannot sell the property *at a time of declining housing prices*, state taxpayers will be liable for any shortfall.

Still, providing low interest housing loans to the most needy and deserving veterans may be justified *IF* limited to the most needy and deserving veterans—such as those veterans who were injured in combat or at least served in combat or in a combat zone. Currently, the Cal-Vet Loan Program is *NOT* so limited.

As a planet and as a nation and a state, we face enormous challenges. We need new leaders and new initiatives that seriously address those challenges.

The Cal-Vet Loan Program is an old idea that benefits some special interests and a relatively small number of veterans.

GARY WESLEY

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

★ ARGUMENT AGAINST PROPOSITION 12 ★

While our national political leaders may not always be wise in directing the use of American military force around the world, we rightly honor military service—especially the service of enlistees who actually put their lives at risk in combat.

Enlistees should receive higher pay and benefits from the federal government. In the context of low pay and inadequate benefits from the federal government, state governments certainly are justified in stepping in and providing additional assistance.

The Cal-Vet Loan Program has provided low-interest farm and housing loans to veterans for many years. This measure would authorize the State to borrow more money (by selling bonds) to provide additional funds for the Program. The amount to be borrowed is $900 million.

Since funds are limited, the question is:

WHICH VETERANS ARE THE MOST DESERVING OF ASSISTANCE?

Cal-Vet loans are limited to veterans who served in the *time* of a war—including the Korean and Vietnam conflicts and the current campaigns in Afghanistan and Iraq. There is no requirement for the veteran to have served in combat or even in a combat zone. A veteran who served in Germany or never even left the United States can apply for a loan. The veterans who actually served in harm's way are most deserving of the limited assistance available under the Cal-Vet Loan Program.

California voters could reasonably insist that the Cal-Vet Loan Program be limited to veterans who served in combat or a combat zone before they approve more borrowing to fund the Program.

GARY WESLEY

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 12 ★

The opponents to Proposition 12 are wrong.

In fact, the Cal-Vet Home Loan Program helps all veterans who have served honorably with home loans. All veterans have served our country and have been given the responsibility to defend our nation no matter the circumstances.

Many who had to fight in combat did not know when they entered the service that they would be called upon to protect us in war, yet they did so with honor. Others who served our nation in peacetime also protected us and were willing to do so at any cost.

The least we can do to repay the brave service of the men and women of our armed forces is to assist them with home loans, which is the key to the American dream of homeownership.

The bonds to fund these loans cost taxpayers nothing because the mortgage payments from the veterans pay back the bonds and all other costs to administer the Cal-Vet Home Loan Program.

Over the past 85 years, the Cal-Vet Home Loan Program has helped over 420,000 veterans. Please help us to continue this worthy program.

We urge a yes vote on Proposition 12.

SENATOR MARK WYLAND, Chairman
Senate Committee on Veterans Affairs
ASSEMBLYMAN GREG AGHAZARIAN
ASSEMBLYMAN TONY STRICKLAND