

2-2-1996

Taxes. Schools. Tobacco And Alcohol.

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1-800-833-8683
e-mail: comments@ss.ca.gov

#715

DATE: February 29, 1996
TO: All County Clerks/Registrars of Voters and Proponents (96101)
FROM: Cathy Mitchell
Cathy Mitchell
Initiative Coordinator

The proponent of the hereinafter named proposed Initiative Constitutional Amendment has withdrawn the measure.

TITLE: TAXES. SCHOOLS. TOBACCO AND ALCOHOL.

SUMMARY DATE: February 2, 1996

PROPONENT: Mike Roos

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February 2, 1996

TO: All County Clerks/Registrars of Voters and Proponent (96074)

FROM: 

Cathy Mitchell
Initiative Coordinator

**SUBJECT: TAXES. SCHOOLS. TOBACCO AND ALCOHOL. INITIATIVE
CONSTITUTIONAL AMENDMENT.**

The Attorney General's office has sent us a revised summary for initiative #712. The title remains the same.

The new title and summary along with the new calendar and the text of the initiative has been prepared and supersedes the previous initiative. It is enclosed. Please note that a new number has been assigned to this initiative.

Please feel free to contact me or Deirdre Avent if you have any questions.



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February 2, 1996

TO ALL REGISTRARS OF VOTERS, OR COUNTY CLERKS, AND PROPONENT (96074)

Pursuant to Section 336 of the Elections Code, we transmit herewith a copy of the Title and Summary prepared by the Attorney General on a proposed Initiative Measure entitled:

**TAXES. SCHOOLS. TOBACCO AND ALCOHOL.
 INITIATIVE CONSTITUTIONAL AMENDMENT.**

Circulating and Filing Schedule

- | | | |
|----|---|--------------------------|
| 1. | Minimum number of signatures required
Cal. Const., Art. II, Sec. 8(b). | 693,230 |
| 2. | Official Summary Date
Elec. C., Sec. 336. | <u>Friday, 02/02/96</u> |
| 3. | Petition Sections: | |
| a. | First day Proponent can circulate Sections for
signatures
Elec. C., Sec. 336. | <u>Friday, 02/02/96</u> |
| b. | Last day Proponent can circulate and file with
the county. All sections are to be filed at
the same time within each county.
Elec. C., Secs. 336, 9030(a). | <u>Monday, 07/01/96*</u> |
| c. | Last day for county to determine total number of
signatures affixed to petition and to transmit total
to the Secretary of State | <u>Friday, 07/12/96</u> |

(If the Proponent files the petition with the county on a date prior to 07/01/96, the county has eight working days from the filing of the petition to determine the total number of signatures affixed to the petition and to transmit the total to the Secretary of State.) Elec. C., Sec. 9030(b).

* Date adjusted for official deadline which falls on Sunday. Elec. C., Sec. 15.
 ** Date varies based on receipt of county certification.

"Ensuring the integrity of California's election process"

**TAXES. SCHOOLS. TOBACCO AND ALCOHOL.
INITIATIVE CONSTITUTIONAL AMENDMENT.**

February 2, 1996

Page 2

d. Secretary of State determines whether the total number of signatures filed with all county clerks meets the minimum number of required signatures, and notifies the counties Sunday, 07/21/96
Elec. C., Sec. 9030(c).**

**e. Last day for county to determine total number of qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State Friday, 08/30/96
Elec. C., Sec. 9030(d).**

**(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 07/21/96, the last day is no later than the thirtieth day after the county's receipt of notification.)
Elec. C., Sec. 9030(d), (e).**

f. If the signature count is more than 762, 553 or less than 658,569 then the Secretary of State certifies the petition has qualified or failed, and notifies the counties. If the signature count is between 658,569 and 762,553 inclusive, then the Secretary of State notifies the counties using the random sampling technique to determine the validity of all signatures Monday, 09/09/96
Elec. C., Secs. 9030(f), (g); 9031(a).**

**g. Last day for county to determine actual number of all qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State Tuesday, 10/22/96
Elec. C., Sec. 9031(b), (c).**

**(If the Secretary of State notifies the county to determine the number of qualified voters who have signed the petition on a date other than 09/09/96, the last day is no later than the thirtieth working day after county's receipt of notification.)
Elec. C., Sec. 9031(b), (c).**

h. Secretary of State certified whether the petition has been signed by the number of qualified voters required to declare the petition sufficient Saturday, 10/26/96
Elec. C., Secs. 9031(d), 9033.**

**TAXES. SCHOOLS. TOBACCO AND ALCOHOL.
INITIATIVE CONSTITUTIONAL AMENDMENT.**

February 2, 1996

Page 3

4. The Proponent of the above-named measure is:

**Mike Roos
c/o: Forde and Mollrich
4041 MacArthur Blvd., Suite 190
Newport Beach, California 92660**

5. Important Points:

- (a) California law prohibits the use of signatures, names and addresses gathered on initiative petitions for any purpose other than to qualify the initiative measure for the ballot. This means that the petitions cannot be used to create or add to mailing lists or similar lists for any purpose, including fund raising or requests for support. Any such misuse constitutes a crime under California law. Elections Code sections 18650; Bilofsky v. Deukmejian (1981) 123 Cal.App. 3d 825, 177 Cal.Rptr. 621; 63 Ops. Cal.Atty.Gen.37 (1980).**
- (b) Please refer to Elections Code sections 100, 101, 104, 9001, 9008, 9009, 9021, and 9022 for appropriate format and type consideration in printing, typing and otherwise preparing your initiative petition for circulation and signatures. Please send a copy of the petition after you have it printed. This copy is not for our review or approval, but to supplement our file.**
- (c) Your attention is directed to the campaign disclosure requirements of the Political Reform Act of 1974, Government Code section 81000 et seq.**
- (d) When writing or calling state or county elections officials, provide the official title of the initiative which was prepared by the Attorney General. Use of this title will assist elections officials in referencing the proper file.**
- (e) When a petition is presented to the county elections official for filing by someone other than the proponent, the required authorization shall include the name or names of the persons filing the petition.**
- (f) When filing the petition with the county elections official, please provide a blank petition for elections official use.**

NOTE TO PROPONENTS WHO WISH TO QUALIFY FOR THE NOVEMBER 5, 1996 GENERAL ELECTION: This initiative must be certified for the ballot 131 days before the election (June 27, 1996). Please remember to time your submissions accordingly. For example, in order to allow the maximum time permitted by law for the random sample verification process, it is suggested that proponents file their petitions to county elections officials by April 19, 1996. If a 100% check of signatures is necessary, it is advised that the petitions be filed by February 28, 1996.

Sincerely,



**CATHY MITCHELL
ELECTIONS SPECIALIST**

Attachment: POLITICAL REFORM ACT OF 1974 REQUIREMENTS

DANIEL E. LUNGREN
Attorney General

State of California
DEPARTMENT OF JUSTICE



1300 I STREET, SUITE 125
P.O. BOX 944255
SACRAMENTO, CA 94244-2550
(916) 445-9555
Facsimile: (916) 323-2137
(916) 324-5490

February 2, 1996

FILED
In the office of the Secretary of State
of the State of California

FEB 02 1996

Bill Jones
Secretary of State
1500 - 11th Street
Sacramento, CA 95814

BILL JONES, Secretary of State
By *William Mitchell*
Deputy Secretary of State

Re: Initiative Title and Summary
Subject: TAXES. SCHOOLS. TOBACCO AND ALCOHOL.
INITIATIVE CONSTITUTIONAL AMENDMENT.
File No: SA 95 RF 0048 - REVISION

Dear Mr. Jones:

Pursuant to the provisions of sections 9004 and 336 of the Elections Code, you are hereby notified that on this day we mailed to the proponent of the above-identified proposed initiative a REVISED title and summary.

Enclosed is a copy of our transmittal letter to the proponent, a copy of the REVISED title and summary, a declaration of mailing thereof, and a copy of the proposed measure.

According to information available in our records, the name and address of the proponent is as stated on the declaration of mailing.

Sincerely,

DANIEL E. LUNGREN
Attorney General

Kathleen F. DaRosa

KATHLEEN F. DaROSA
Initiative Coordinator

KFD:ms
Enclosures

Date: February 2, 1996
File No: SA95RF0048
(REVISED)

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

TAXES. SCHOOLS. TOBACCO AND ALCOHOL. INITIATIVE CONSTITUTIONAL

AMENDMENT. Imposes surtax of \$1.07 per gallon on beer, \$2.56 per gallon on wine, \$12.80 per gallon on distilled spirits, 50¢ per package on cigarettes and tobacco products.

Requires new revenues to be used to: reduce public school class size; increase public school safety; purchase computers and related services for kindergarten through grade twelve; distribute funds to University of California, California State University and community colleges if fees not raised above 1995-96 levels; reimburse for expenses of administering initiative. Makes knowing failure to comply a misdemeanor for public school board members or administrators. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: The proposed surtax would increase revenue by approximately \$2 billion annually, all of which would be used for educational purposes specified in the measure. It would also increase state and local general tax revenues by approximately \$80 million annually. It would decrease revenue in other health programs supported by cigarette taxes (Proposition 99 and Breast Cancer Fund) by about \$35 million annually.

Taxpayers for Public School Excellence

November 30, 1995

RECEIVED
DEC 1 1995

Hon. Daniel Lungren
Attorney General
State of California
1300 I Street, 17F1.
Sacramento, CA 95814

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

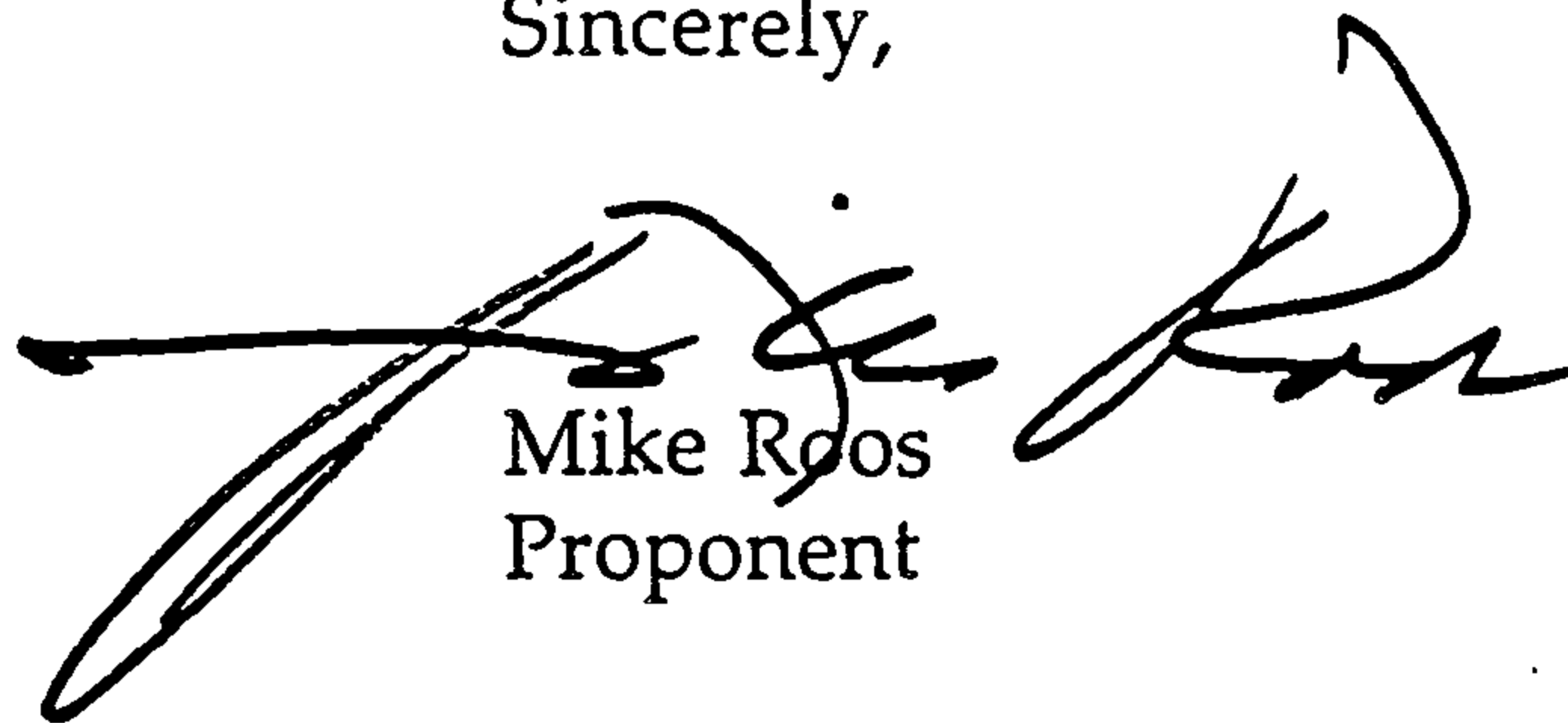
ATTN: Kathy DaRosa, Initiative Coordinator
RE: SA 95 RF 0048

Dear Attorney General:

As proponent of the original initiative, please accept this amended initiative for preparation of title and summary by your office.

The amendments are summarized in the attachment to this letter.

Sincerely,



Mike Roos
Proponent

/Enclosure

**PUBLIC SCHOOL SAFETY, CLASS SIZE REDUCTION, CLASSROOM
TECHNOLOGY AND STUDENT FEE STABILIZATION ACT OF 1996**

PROPOSITION ____: TEXT OF PROPOSED INITIATIVE

This initiative is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure expressly amends the Constitution by adding sections to Article XIII and Article XVI. New provisions proposed to be added are printed in italic type to indicate that they are new.

**PROPOSED LAW
EDUCATION INITIATIVE**

Section 1 This measure shall be known as the Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Act of 1996.

Section 2 Purpose and Intent:

The people find and declare as follows:

(a) Public education is the foundation of our society. Economic decline and rising crime are part of the terrible price we pay for a public school system that lacks adequate resources to properly educate our children.

(b) California once ranked near the top in per pupil spending, but now California's per pupil expenditures for public elementary and secondary schools have dropped to 42nd in the nation.

(c) California now ranks at the bottom of the United States in average class size. Classroom overcrowding is a particular problem in the early grades, kindergarten, 1, 2 and 3, where individual attention is especially critical to teaching children basic reading, writing and mathematics skills.

(d) California also ranks at the bottom in the number of computers per student, thus denying our students access to the technology they will need to compete in the work force.

(e) California student fees for higher education have increased by more than one hundred percent over the past ten years, which places a serious burden on resident students and their families and denies many students access to higher education.

(f) Gangs and drug dealers pose a significant threat to our children in our public schools and in the neighborhoods surrounding them.

(g) New revenues are needed to properly educate our children and to provide a safe environment in and around our public schools.

(h) Cigarettes, tobacco products and alcoholic beverages are subject to taxation in the state of California.

(i) The surtax, which is equivalent to fifty cents per pack of cigarettes and ten cents per drink of alcoholic beverages, defined as a 12 ounce beer, a five ounce glass of wine and a one ounce glass of liquor, imposed by this Act will raise significant new revenue for the purpose of improving the quality and safety of California public schools.

(j) This Act will use the new surtax revenues where they are needed most. To reduce overcrowding in our classrooms beginning at the critical early years K-3; to enable local law enforcement to more effectively fight gangs, drugs and crime in and around our public schools; to give our children access to computers and other high technology tools they will need to compete in the 21st century and to stabilize resident student fees in community colleges, state colleges and the University of California system.

(k) The Act will guarantee that new surtax revenues which are delivered to the school site cannot be used for administration, but must be expended only for instructional staff, other student support personnel, educational equipment, including computers, and other classroom needs.

(l) The intent of this Act is to support a transformation of classrooms into centers for a student-based learning experience using multi-media technology, and to advance the opportunity for all Californians to participate in the economy of the future.

Section 3

Section 7 is added to Article XIII A of the Constitution to read:

Section 7. Section 3 of Article XIII A does not apply to the Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Act of 1996.

Section 4

Section 14 is added to Article XIII B of the Constitution to read:

Section 14. "Appropriations subject to limitation" of each entity of government shall not include appropriations of revenue from the tobacco and alcohol products surtaxes created by the Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Act of 1996. No adjustment in the appropriations limit of any entity of government shall be required as a result of revenue being deposited or appropriated from the Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Trust Fund created by the Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Act of 1996.

Section 5

Section 8.8 is added to Article XVI of the Constitution to read:

Section 8.8. Revenue collected from the tobacco and alcohol products surtaxes created by the Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Act of 1996 shall not be calculated as part of the minimum funding guarantees as set forth in this Article, Section 8.

Section 6

Section 8.9 is hereby added to Article XVI to read as follows:

Section 8.9

Additional school funding.

(a) *In order to assist the public school system, the proceeds of surtaxes enacted pursuant to this section shall be designated exclusively for the purposes set forth in Sections 8.9.4 and 8.9.8.*

Section 8.9.1 *Cigarette and tobacco products; beer, wine and distilled spirits surtax. For purposes of this Section:*

(a) *"Trust Fund" means Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Trust Fund in Section 8.9.2.*

(b) *"Cigarette" has the same meaning as in California Revenue and Taxation Code section 30003, as it read on January 1, 1988.*

(c) *"Tobacco products" includes, but is not limited to, all forms of cigars, smoking tobacco, chewing tobacco, snuff and any other articles or products made of or containing at least fifty percent tobacco, but does not include cigarettes.*

Section 8.9.2 *Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Act of 1996 Education Initiative Trust Fund. The Education Initiative of 1996 establishes the Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Trust Fund in the State Treasury. With the exception of payments of refunds made pursuant to Article I (commencing with Section 30361, Chapter 6, of the Cigarette and Tobacco Products Tax Law) and Article I (commencing with Section 32401, Chapter 8, of the Alcoholic Beverage Tax Law), all revenue collected from the cigarette and alcohol surtaxes authorized by this Act shall be deposited in this Fund, and is continuously appropriated for the benefit of California's public schools as specified in this Act. The Trust Fund shall consist of all revenues raised pursuant to the surtaxes imposed by this Act, and all interest and penalties imposed thereon pursuant to this part. Earnings derived from investment of moneys in the Trust Fund shall accrue to the Trust Fund.*

Section 8.9.3 *Trust Fund Revenues. Trust Fund revenues derived from the surtaxes imposed pursuant to Sections 8.9.5, 8.9.6, and 8.9.7 and deposited in the Trust Fund shall not be used as*

substitute funds, but rather shall supplement the total amount of money allocated by the state for support of the public school system. The revenues allocated for the benefit of public education pursuant to this Act are in addition to other funds appropriated or required under existing constitutional reservations for educational purposes.

Section 8.9.4 *The fund consists of five separate accounts as follows:*

(a) The Class Size Reduction Account; funds from which shall only be expended for the following:

- (1) Class size reduction in grades kindergarten through 12.*
- (2) Rental of classroom space.*
- (3) Rental/purchase of portable classrooms.*
- (4) Rental/purchase and installation of partitions and other devices to reconfigure existing school buildings in order to increase the number of classrooms.*
- (5) Hiring/training and compensation for additional instruction personnel.*
- (6) To establish or operate alternative schools for violent or disruptive students.*

(b) The Public School Safety Account; funds from which shall be distributed to County Student Safety and Protection Trust Fund as specified in Section 8.9.8(3).

(c) The Classroom Technology Account; funds from which shall only be expended to lease, purchase or fund the following items or services:

- (1) Computer equipment for student use.*
- (2) Software.*
- (3) Cabling and retrofitting of a school to install computer equipment.*
- (4) Installation of school computer network and testing.*
- (5) Communications and Internet access hardware and software.*
- (6) Teacher training and technical training.*
- (7) Systems operators and curriculum specialists and additional support staffing.*
- (8) Electrical work, security systems and technology furniture.*

(9) *Creating partnerships with non-profit organizations engaged in job related computer training.*

(d) *The Student Fee Stabilization Account; funds from which shall be distributed to the community college system, to the California State University system and to the University of California system subject to the requirements of Section 8.9.8(5).*

(e) *The Administrative Account; funds from which shall only be expended for the following:*

(1) *To reimburse the State Controller for the actual expenses of auditing the accounts and transactions of the Trust Fund.*

(2) *To reimburse the Superintendent of Public Instruction for the actual expenses of evaluating complaints brought under Section 8.9.9(c).*

(3) *To provide matching funds for private contributions to community based systemic reforms at the public school district level.*

(4) *Reimbursement to the State Board of Equalization for the actual expenses incurred in the administration and collection of the surtaxes imposed by Sections 8.9.5 and 8.9.6.*

Section 8.9.5 Surtax on Cigarettes and Tobacco Products.

(a) *In addition to the taxes imposed upon the distribution of cigarettes by Part 13 of Division 2 of the Revenue and Taxation Code, there shall be imposed an additional surtax upon every distributor of cigarettes at the rate of twenty-five mills (\$0.025) for each cigarette distributed.*

(b) *There shall be imposed upon every distributor an additional surtax upon the distribution of tobacco products, based on the wholesale cost of these products, at a tax rate, as determined annually by the Board of Equalization, which is equivalent to the combined rate of tax imposed by subdivision (a) and other provisions of this part.*

(c) *The annual determination required of the State Board of Equalization pursuant to subdivision (b) shall be made based on the wholesale cost of tobacco products as of March 1, and shall be effective during the state's next fiscal year.*

(d) *The additional surtax imposed by this Section shall be imposed on every cigarette and tobacco product in the possession or under the control of every dealer, wholesaler, and distributor on and after 12:01 a.m. on or after January 1, 1997, pursuant to rules and regulations promulgated by the State Board of Equalization.*

(e) *On or before January 31, 1997, each dealer, wholesaler, and distributor shall prepare and file with the State Board of Equalization, on a form prescribed by the board, a return showing the number of cigarettes in their possession or control by him or her at 12:01 a.m. of January 1, 1997, that are subject to the tax imposed by this section, and any other information the board deems necessary for the proper administration of the surtax. The taxpayer shall deliver the return, together with a remittance of the amount of tax due, to the office of the board on or before January 31, 1997.*

Section 8.9.6 Surtax on Beer, Wine and Distilled Spirits:

(a) *On and after January 1, 1997, an excise surtax is hereby imposed upon all beer and wine sold in this state by a manufacturer, winegrower, or importer, and upon all distilled spirits sold in this state by a manufacturer, distilled spirits manufacturer's agent, brandy manufacturer, winegrower, importer, rectifier, wholesaler, common carrier with respect to distilled spirits sales made upon boats, trains, and airplanes, or persons licensed to sell distilled spirits upon boats, trains, and airplanes, and upon sellers of beer, wine, or distilled spirits with respect to which no tax has been paid within areas over which the United States government exercises jurisdiction, at the following rates:*

(1) *On all beer, one dollar and seven cents (\$1.07) per gallon and at a proportionate rate for any other quantity.*

(2) *On all still wines, champagne and sparkling wines, and sparkling hard cider containing not more than 14 percent of absolute alcohol by volume, two dollars and fifty-six cents (\$2.56) per wine gallon and at a proportionate rate for any other quantity.*

(3) *On all still wines containing more than 14 percent of absolute alcohol by volume, four dollars and twenty-six cents (\$4.26) per wine gallon and at a proportionate rate for any other quantity.*

(4) *On all distilled spirits of proof strength or less, twelve dollars and eighty cents (\$12.80) per wine gallon and a proportionate rate for any other quantity.*

(5) *On all distilled spirits in excess of proof strength, twelve dollars and eighty cents (\$12.80) per wine gallon and a proportionate rate for any other quantity.*

(b) *Except with respect to beer and wine in the internal revenue bonded premises of a manufacturer, and except with respect to distilled spirits in the possession of a distilled spirits manufacturer, distilled spirits manufacturer's agent, brandy manufacturer, rectifier wholesaler or common carrier licensed to sell distilled spirits on board boats, trains, and airplanes, floor stock taxes are hereby imposed in amounts equal to the surtaxes imposed by this Section upon all alcoholic beverages upon which the surtaxes have not been paid, that are in the possession or under the control of every person licensed under Division 9 (commencing with Section 23000) of the Business and Profession Code at 12:01 a.m. on January 1, 1997. On or before January 31, 1997, each person subject to the tax imposed by this Section shall prepare and file with the State Board of Equalization, on a form prescribed by the board, a return showing the amount of units of beer, wine, sparkling hard cider, and distilled spirits possessed by him or her at 12:01 a.m. on January 1, 1997, that are subject to the tax imposed by this section, and any other information the board deems necessary for the proper administration of this chapter. The taxpayer shall deliver the return, together with a remittance of the amount of tax due, to the office of the board on or before January 31, 1997.*

(c) *The taxes imposed by this Section are in addition to any other tax imposed upon beer, wine, sparkling hard cider, or distilled spirits by Part 14 of Division 2 of the Revenue and Taxation Code.*

Section 8.9.7 Administration of Surtaxes.

All the provisions of Part 13 and Part 14 of Division 2 of the Revenue and Taxation Code relating to excise taxes, with the exception of those contained in Chapter 9 of Part 13 (commencing with Section 30461) and Chapter 10 of Part 14 (commencing with Section 32501), are applicable to the taxes imposed by Section 8.9.5 and Section 8.9.6, to the extent those provisions are not inconsistent with Section 8.9.5 and Section 8.9.6.

Section 8.9.8 Disposition of the Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Trust Fund. The Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Trust Fund shall receive all revenues pursuant to the surtaxes imposed by Sections 8.9.5 and 8.9.6 of Article XVI of the State Constitution. The controller shall draw warrants on the Trust Fund and distribute them to the following accounts in the manner described:

(1) **Administrative Account.**

(a) The State Controller shall conduct an annual post-audit of all accounts and transactions of the Trust Fund and other special post audits as the State Controller deems necessary. These audits shall be made available to the public.

(b) Funds from the Trust Fund shall be deposited into the Administrative Account for the purposes of reimbursing the State Controller for the actual costs, as certified by the Director of Finance, of conducting the Trust Fund audit.

(c) Funds from the Trust Fund shall be deposited into the Administrative Account for the purpose of reimbursing the Superintendent of Public Instruction for the actual costs, as certified by the Director of Finance, of investigating, reviewing and resolving disputes pursuant to Section 8.9.9(c).

(d) Funds from the Trust Fund shall be deposited into the Administrative Account for the purpose of reimbursing the State Board of Education for the actual costs, as certified by the Director of Finance, of investigating, reviewing and resolving disputes pursuant to Section 8.9.9(c).

(e) *Funds from the Trust Fund shall be deposited into the Administrative Account for the purpose of reimbursing the State Board of Equalization for the actual costs, as certified by the Director of Finance, incurred in the administration and collection of the surtaxes imposed by Sections 8.9.5 and 8.9.6.*

(f) *Fifty million dollars from the Trust Fund will be deposited into the Administrative Account at the beginning of each fiscal year and used as matching funds available to public school districts engaged in reform. These funds will be used to match contributions from private individuals, private corporations and non-profit organizations for community based systemic reform at the public school district level. Eligibility designations will be made by the Superintendent of Public Instruction. Any matching funds which are unallocated at the end of each fiscal year shall be returned to the Trust Fund.*

(g) *The balance of the Trust Fund shall be distributed as follows:*

(2) *Forty percent shall be deposited into the Class Size Reduction Account.*

(a) *The Class Size Reduction Account shall be allocated to public school sites serving kindergarten and grades 1 through 12.*

(b) *Payments shall be made directly to public school districts and allocated to the school sites on the basis of an equal amount per enrollment as defined by Section 8.5(c) and corresponding statutes. Funds shall be expended in accordance with the school district plans set forth by Section 8.9.9(a), subject to these conditions:*

(i) *The money shall be allocated for the purposes set forth in Section 8.9.4(a)*

(ii) *Ninety percent of these funds shall be used to reduce class size beginning with kindergarten and grades 1 through 3. A ratio of no more than twenty-two students per teacher shall be achieved in kindergarten and grades 1 through 3 of the public school district before funds from the Class Size Reduction Account may be used to reduce class size in grades 4 through 8. If a public school district cannot reduce class size without acquiring additional class space, no more than fifteen percent of an individual public school district's class size reduction*

money can be used for acquiring class space. A public school district may not use funds provided under this Act for the construction of new schools or new school buildings. New class space shall be acquired by the rental or purchase of portable classrooms, rental of classroom space, use of partitions and other devices to reconfigure existing school buildings in order to increase the number of classrooms.

(iii) Ten percent of these funds shall be used for the establishment and the operation of alternative schools for violent or disruptive students in grades 9 through 12. If a public school district determines that any part of the funds are not needed for the establishment or the operation of alternative schools, these funds may be used to reduce class size in grades 9 through 12, subject to the requirements of this Section.

(3) Ten percent shall be deposited into the Public School Safety Account.

(a) There is hereby created a County Student Safety and Protection Trust Fund in each county. Appropriations from the Public School Safety Account shall be made to each County Trust Fund based on the proportionate population among said counties as determined by the State Department of Finance. County Trust Funds shall be administered by a three member board comprised of the sheriff, the district attorney and a chief of police selected by the police chiefs within each county. It shall be the responsibility of this board to allocate the expenditures of the County Student Safety and Protection Trust Funds in a manner which is consistent with the stated intent of this Act. A special priority shall be given to programs designed to stop the criminal activities of gangs, stop the manufacture, sale and distribution of illegal drugs and combat the illegal proliferation of guns, knives and other weapons on and around our public school campuses. Recognizing the mobile nature of all elements of society, it is likely that enforcement action taken against a disruptive source in one area will benefit numerous other areas into which disruptive groups or individuals might travel. The County Student Safety and Protection Trust Fund Board, in monitoring the expenditure of these funds, shall be authorized to review and evaluate local countywide or regional priorities so that preference may be given to those of a countywide or regional nature to secure the maximum benefit for the state's school children.

(b) *The County Student Safety and Protection Trust Fund Board shall issue an annual audited report of expenditures from the fund which shall be available to the public.*

(c) *Revenues derived from surtaxes imposed pursuant to this section and deposited in the County Student Safety and Protection Trust Fund shall not be used as substitute funds for existing levels of service, but rather shall supplement the total amount of money allocated to provide for a safe and secure learning environment.*

(4) *Forty percent shall be deposited into the Classroom Technology Account.*

(a) *Funds from the Classroom Technology Account shall be allocated to public school sites serving kindergarten and grades 1 through 12.*

(b) *Payments shall be made directly to public school districts and allocated to the school sites on the basis of an equal amount per enrollment as defined in Section 8.5(c) and corresponding statutes. Funds shall be expended in accordance with the school district plan set forth by Section 8.9.9(a), subject to these conditions:*

(i) *The money shall be allocated for the purposes set forth in Section 8.9.4(c).*

(ii) *No more than fifty percent of the money shall be used for the purchase or lease of computer equipment for student use in any one fiscal year.*

(iii) *No less than fifty percent of the money shall be used for the purposes set forth in Sections 8.9.4(c)(2)(3)(4)(5)(6)(7)(8) and (9) in any one fiscal year.*

(5) *Ten percent shall be deposited into the Student Fee Stabilization Account and allocated as follows:*

(a) *On an annual basis, the University of California system, the California State University system and the community college system may request funds from the Student Fee Stabilization Account.*

(b) *To qualify for funds from the Student Fee Stabilization Account in fiscal years 1997-98, 1998-99 and 1999-2000, the University of California system must certify to the State Controller that the system has not raised resident student fees above the levels charged in fiscal year*

1995-96. Beginning in the fiscal year 2000-01, the University of California system will qualify for funding in each year when fees have not been increased above the level charged in fiscal year 1995-96 plus an annual percentage increase which does not exceed the percentage change in California per capita personal income from the preceding calendar year.

(c) To qualify for funds from the Student Fee Stabilization Account in fiscal years 1997-98, 1998-99 and 1999-2000, the California State University system must certify to the State Controller that the system has not raised resident student fees above the levels charged in fiscal year 1995-96. Beginning in the fiscal year 2000-01, the California State University system will qualify for funding in each year when fees have not been increased above the level charged in fiscal year 1995-96 plus an annual percentage increase which does not exceed the percentage change in California per capita personal income from the preceding calendar year.

(d) To qualify for funds from the Student Fee Stabilization Account in fiscal years 1997-98, 1998-99 and 1999-2000, the California community colleges must certify to the State Controller that the California community colleges have not raised resident student fees above the levels charged in fiscal year 1995-96. Beginning in the fiscal year 2000-01, California community colleges will qualify for funding in each year when fees have not been increased above the level charged in fiscal year 1995-96 plus an annual percentage increase which does not exceed the percentage change in California per capita personal income from the preceding calendar year.

(e) Funds from the Student Fee Stabilization Account will be distributed annually to each qualified system based on the following formula:

- (i) Forty-four percent to the University of California system.
- (ii) Thirty-six percent to the California State University system.
- (iii) Twenty percent to the Community College system.

(f) In the event that any one of the three systems fails to qualify for funding in any fiscal year, funds shall be distributed proportionately to the other two qualified systems. If two of the systems fail to qualify, one hundred percent of the funds shall be distributed to the qualifying system.

(g) *If the University of California system, the California State University system and the community college system all fail to qualify for funding from the Student Fee Stabilization Account in any fiscal year, the proceeds of this account shall be distributed as follows:*

(i) *Fifty percent to the Class Size Reduction Account.*

(ii) *Fifty percent to the Classroom Technology Account.*

Section 8.9.9 *Accountability for Expenditure of Funds and Administration Expenses.*

(a) *Each public school district governing board receiving funds under this Act shall adopt and make public a multi-year plan for how it will spend funds in the Class Size Reduction Account and the Classroom Technology Account.*

(b) *Each public school district governing board shall annually make public a report describing how the revenues received from this Act were expended. Each school shall annually include in its school accountability report card how the funds were actually spent in that school in that year.*

(c) *The State Superintendent of Public Instruction shall withhold funding from the Class Size Reduction Account and/or the Classroom Technology Account for the next fiscal year from any district or school which has expended funds in a manner which is not authorized by this Act. A decision by the State Superintendent of Public Instruction to withhold funding may be appealed to the State Board of Education for final determination.*

(d) *Revenues deposited in the Public School Safety, Class Size Reduction, Classroom Technology and Student Fee Stabilization Trust Fund shall not be used to pay or otherwise defray the costs of administration. For purposes of this section, "administration" shall mean the management or direction of the activities of a school or other educational institution.*

Section 8.9.10 *General provisions.*

(a) *This Act shall take effect on January 1, 1997.*

(b) *This measure is not inconsistent with and not intended as an alternative to any initiative measure that appears on the same ballot that imposes or increases taxes upon cigarettes.*

tobacco products or alcoholic beverages. The surtaxes imposed by this measure shall be imposed in addition to another tax or surtax upon tobacco products or alcoholic beverages adopted at the same election.

(c) Severability. If any provision of this Act or the application of any provision of this Act to any person or circumstance shall be held invalid, the remainder of this Act, to the extent that it can be given effect, shall not be affected thereby, and to this end the provisions of this Act are severable.

(d) Enforcement. Any public school board member or public school district employee acting in an administrative capacity who knowingly fails to comply with provisions of this Act is guilty of a misdemeanor, which is punishable by confinement in the county jail for a period not to exceed six months, or by a fine not to exceed one thousand dollars (\$1,000.00), or both.

