

1992

Passenger Rail and Clean Air Bond Act of 1992

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Passenger Rail and Clean Air Bond Act of 1992

Official Title and Summary Prepared by the Attorney General

PASSENGER RAIL AND CLEAN AIR BOND ACT OF 1992

- This act provides for a bond issue of one billion dollars (\$1,000,000,000) to provide funds for acquisition of rights-of-way, capital expenditures, and acquisitions of rolling stock for intercity rail, commuter rail, and rail transit programs.
 - Proceeds will fund the second phase of the long-range transportation plan, approved by voters in 1990.
 - Appropriates money from state General Fund to pay off bonds.
-

Final Votes Cast by the Legislature on AB 973 (Proposition 156)

Assembly: Ayes 68	Senate: Ayes 38
Noes 6	Noes 0

Analysis by the Legislative Analyst

Background

The passenger rail transportation system in California includes intercity rail, commuter rail, and urban rail transit services.

- **Intercity rail** primarily serves business and recreational travelers between cities in California and to other parts of the country. Amtrak operates most intercity rail service, which includes service between Sacramento and San Jose, San Diego and Santa Barbara, and Bakersfield and Oakland.
- **Commuter rail service** offers frequent service during peak hours to serve commuters. Limited service is typically available during other periods of the day. The *Peninsula Commute Rail Service* (Caltrain) between San Francisco and San Jose is an example of this type of service.
- **Urban rail transit** provides regular service throughout the day, usually within metropolitan areas. Examples include the Sacramento Light Rail System, the Los Angeles Metro Blue Line (Long Beach-Los Angeles), the San Diego Trolley, and the San Francisco Bay Area Rapid Transit (BART) System.

Operating Costs

Operating costs for these three types of passenger rail service in California are paid for, in part, by fare revenues. The remainder of the operating expenses comes from various local, state, and federal sources. To receive state funds, state law requires rail operators to recover between 10 percent and 55 percent of operating costs from fare revenues. The percentage depends on the type of rail service.

Capital Costs

Capital costs for California's passenger rail services are also funded from various local, state, and federal sources. These costs include buying railroad rights-of-way and trains, and constructing rail (and related) facilities. Until 1990, state funding for these capital costs came from motor vehicle fuel ("gasoline") taxes, commercial vehicle ("truck") weight fees, and a portion of the state sales and use tax. In 1990, voters approved the use of general obligation bonds for rail capital outlay. The voters approved two separate bond measures in June 1990, the Passenger Rail and Clean Air Bond Act of 1990 (\$1 billion) and the Clean Air and Transportation Improvement Act of 1990 (\$1.99 billion).

Local funding for rail capital costs comes primarily from local sales and use tax revenues. The amount of state and local funding for these purposes varies from year to year.

Proposal

This measure allows the state to sell \$1 billion in general obligation bonds to provide funds for rail capital outlay. General obligation bonds are backed by the state, meaning that the state is required to pay the principal and interest costs on these bonds. General Fund revenues would be used to pay these costs. General Fund revenues come primarily from the state personal and corporate income taxes and the state sales and use tax.

When appropriated by the Legislature, the bond money would be available for capital outlay projects for all three types of rail services. These projects must be located on routes and corridors specified in the measure, or as added by the Legislature in the future. The measure requires the use of at least 15 percent—\$150 million—of the total bond funds for intercity rail purposes. These funds must be distributed among projects in five eligible intercity rail corridors based on the relative populations served by each corridor. The remaining funds would be distributed to commuter rail projects in 11 specified corridors and urban transit rail projects in 9 metropolitan areas.

Fiscal Effect

This measure would result in the following fiscal effects:

- **Direct Costs of Paying Off the Bonds.** For these types of bonds, the state makes principal and interest payments from the state's General Fund usually over a period of about 20 years. If the \$1 billion in bonds were sold at an interest rate of 7 percent, the cost would be about \$1.7 billion to pay off both the principal (\$1 billion) and interest (\$735 million). The average payment for principal and interest would be about \$87 million per year.
- **Future Rail Operating Costs.** Fare revenues typically cover only a portion of the operating costs of passenger rail services. Therefore, where these bond funds are used to expand passenger rail services, additional state and local operating funds will be necessary. These additional costs are unknown, but could be in the tens of millions of dollars annually.

For text of Proposition 156 see page 66

Argument in Favor of Proposition 156

A YES vote on Proposition 156 will:

- Reduce traffic congestion,
- Revive California's economy,
- Reduce air pollution,
- Provide jobs for California workers,
- Increase rail accessibility for seniors, the disabled and those who don't drive,
- Expand rail service throughout California.

Proposition 156 authorizes state bonds to improve and expand intercity rail, commuter rail, and other rail transit systems throughout California. Proceeds will be used to purchase trains, improve and construct passenger stations and track, and expand rail service in all regions of the state.

EACH RAIL CAR REMOVES 75-125 AUTOMOBILES FROM TRAFFIC EVERY DAY.

Proposition 156 is exactly the kind of investment we should be making to re-build California's economy.

Rail transit is vital to California's future. Proposition 156 will create jobs for tens of thousands of Californians, and help lay the groundwork for future economic growth.

Proposition 156 will finance rail car manufacturing, construction and improvement projects in areas of the state where they are needed most—providing an effective alternative to our overcrowded streets and freeways, and helping people commute to and from work safely and efficiently.

Better rail transit systems will increase the percentage of people who use rail. That means fewer cars on the road, less gridlock and cleaner air. And Proposition 156 will improve mobility for seniors, the physically handicapped and those who don't drive.

The following are urban, commuter and intercity rail projects that will be extended, improved or constructed with Proposition 156 funds:

- URBAN TRANSIT PROJECTS:
 - San Diego Trolley
 - Los Angeles Light Rail (Blue Line & Green Line)
 - Los Angeles Metro Rail (Red Line)
 - Sacramento Light Rail
 - Placer County Light Rail

Santa Clara County Light Rail

San Francisco Muni Metro

Bay Area Rapid Transit (BART) *Serves Contra Costa, Alameda, San Francisco & San Mateo Counties*

- COMMUTER RAIL PROJECTS:

Southern California Commuter Rail (Metrolink) *Serves Los Angeles, Orange, Riverside, San Bernardino & Ventura Counties*

North San Diego County Commuter Rail *Escondido-Oceanside-San Diego*

Peninsula Commuter Service (CalTrain) *Serves Santa Clara, San Mateo & San Francisco Counties*

Santa Cruz County Rail *Santa Cruz-Watsonville*

- INTERCITY RAIL SERVICE:

Amtrak "San Diegan" *Serves San Diego, Orange, Los Angeles, and Santa Barbara counties*

Amtrak "San Joaquin" *Serves Los Angeles, Kern, Kings, Tulare, Fresno, Madera, Merced, Stanislaus, San Joaquin, Sacramento, Contra Costa, Alameda and Santa Clara counties*

Amtrak "Capital" *San Jose-Oakland-Richmond-Martinez-Fairfield-Davis-Sacramento-Roseville- Auburn San Francisco-Marin-Sonoma-Mendocino-Humboldt corridor*

Proposition 156 is supported by a broad bi-partisan coalition, including Californians for Better Transportation, one of the state's leading transportation advocates; business organizations like the California Chamber of Commerce; and environmental groups like the Planning and Conservation League.

REDUCE AIR POLLUTION. REDUCE TRAFFIC ON CALIFORNIA'S OVERBURDENED STREETS AND FREEWAYS.

YES ON 156.

JANANNE SHARPLESS

Chair, California Air Resources Board

LEO TROMBATORE

Former Director, California Department of Transportation

KIRK WEST

President, California Chamber of Commerce

Rebuttal to Argument in Favor of Proposition 156

The benefits of the Passenger Rail and Clean Air Act of 1992 have been overstated. The argument in favor of Proposition 156 cites reduced traffic congestion and air pollution. This assumes the money spent will divert a significant number of new riders to trains from driving alone.

This \$1 billion for rail projects will not go far. From the list of rail projects included in this bond act one might gain the impression that these projects will be entirely funded. Either a small number of these projects will be completed, or each project will receive a tiny fraction of what is needed for the whole line, hardly enough to make a difference. Many more billions will be needed to complete these projects and taxpayers will be asked again to fund them. Indeed the legislation that created this bond act will ask us for another \$1 billion in 1994.

Few seniors and disabled will be served by these projects. In fact, the rail lines will drain money from transportation projects

that serve people who really need bus service or dial-a-ride services, such as seniors, disabled, and low income people.

It is true that some jobs will be created in constructing rail cars, but jobs would also be created by spending money on more immediate needs such as education, housing, health care, and child care.

When we haven't even issued all the rail bonds previously authorized, let's not commit more money to these frivolous rail lines.

RYAN SNYDER

Urban Planner/Transportation Specialist

DR. MARTIN WACHS

Professor of Transportation Planning

UCLA Graduate School of Architecture and Urban Planning

Argument Against Proposition 156

There are four reasons to vote NO on Proposition 156. First, rail transit is so expensive to build that this measure will be able to finance very few new facilities. Second, there are other transportation programs which provide far more benefit at far lower cost. Third, this measure will add to the enormous budget deficit facing California taxpayers. Fourth, the transportation bonds passed by the voters in 1990 have not yet all been issued, and it would be unwise and wasteful to authorize new bonds when the state has not yet used its existing authority to issue rail bonds.

Based upon average costs of rail projects in California, the total of \$1 billion will build only about 4 miles of urban subway, or 25 miles of light rail lines. How much will projects of this magnitude really do to clean up the air?

Many other transportation projects will do much more to clean up the air and alleviate traffic congestion at lower cost, but are not provided for by this bond measure. Transportation money should be spent on more bus service, lower bus fares, carpool lanes, ridesharing programs, bicycle and pedestrian facilities, and services for those who really need and use transit, including the elderly and disabled. These projects all use existing streets and freeways, and are relatively inexpensive. They would serve many more people and do more to clean the air than a few expensive rail projects. Rail transportation works well in cities having dense residential corridors, like New York, Tokyo, and Paris, but not in California, where we have one car per adult and very low population densities.

This measure will add to the budget deficit at a time when

we can least afford it. As a general obligation bond, it must be paid off with interest before every other item in the state budget. It represents a new \$90 million yearly commitment for the next 20 years. This is on top of existing rail bond commitments of about \$270 million per year which we will be paying off until the year 2010. Other items in the state budget, including education, health care, housing, child care, and environmental clean up, will receive less funding if we commit the state to more rail bonds.

Finally, voters are asked to approve this additional spending even though the state has not yet made full use of the bonding authority we approved in the 1990 election. As of July 1992, \$491 million of the bonding authority approved in 1990 had still not been spent. It would be unwise to approve the issuance of new bonds and to incur public debt in the midst of a major recession when previous bonding authority has not been fully used. It would be like giving public officials a second blank check when they haven't even spent the first one!

Our tax money will be more wisely spent by voting NO on this false clean air act!

DR. MARTIN WACHS

*Professor of Transportation Planning
UCLA Graduate School of Architecture and
Urban Planning*

RYAN SNYDER

Urban Planner/Transportation Specialist

Rebuttal to Argument Against Proposition 156

Proposition 156 does *NOT* require an increase in taxes, nor will it take funding away from other necessary state programs.

A YES vote for Proposition 156 *WILL* create jobs for California workers, and lay the foundation for renewed economic growth.

Proposition 156 will improve and extend rail transit systems in areas of the state where they are needed the most. It will help finish the rail transit improvement projects approved by the voters in 1990.

Every day, hundreds of thousands of people throughout California use rail transit to commute to work, school and other destinations. *Proposition 156 will extend the benefits of rail transit to an even greater number of Californians.*

Carpools and ridesharing programs can't solve all of our transportation problems. We must provide the people of California with all available transportation alternatives.

RAIL TRANSIT IS A VITAL ELEMENT IN OUR TRANSPORTATION SYSTEM.

Light rail can be built for just a fraction of the cost of new highways!

It is the most economical and cost-effective solution to the ever-increasing problem of traffic gridlock.

Increased availability and usage of rail transit will also help reduce California's dangerous smog levels.

Proposition 156 is supported by a broad coalition, including:

- California Manufacturers Association,
- Planning and Conservation League,
- California Transit Association,
- Californians for Better Transportation,
- Assemblyman Jim Costa, one of California's leading rail transit advocates.

Vote YES for:

- Jobs for California workers,
- Cleaner air,
- Alternatives to overcrowded freeways,
- Increased mobility for seniors, the handicapped and those who don't drive.

YES ON 156!

RALPH BLACK

President, California Association of Persons With Handicaps

MICHAEL PAPARIAN

State Director, Sierra Club—California

TERRY O. COOPER

Chair, California Transit Association

Proposition 156: Text of Proposed Law

This law proposed by Assembly Bill 973 (Statutes of 1989, Chapter 108) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

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

PROPOSED LAW

SEC. 3. Chapter 18 (commencing with Section 2702) is added to Division 3 of the Streets and Highways Code, to read:

CHAPTER 18. PASSENGER RAIL AND CLEAN AIR BOND ACT OF 1992

Article 1. General Provisions

2702. This chapter shall be known and may be cited as the Passenger Rail and Clean Air Bond Act of 1992.

2702.01. As used in this chapter, the following terms have the following meanings:

(a) "Committee" means the Passenger Rail Finance Committee created pursuant to Section 2702.12.

(b) "Department" means the Department of Transportation.

(c) "Fund" means the Passenger Rail Bond Fund created pursuant to Section 2702.05.

2702.02. The Legislature has provided that, in addition to the one billion dollars (\$1,000,000,000) authorized pursuant to this chapter, the Passenger Rail and Clean Air Bond Act of 1990 has been submitted for voter approval for the issuance of additional bonds of one billion dollars (\$1,000,000,000) in 1990 and the Passenger Rail and Clean Air Bond Act of 1994 will be submitted for voter approval for the issuance of additional bonds of one billion dollars (\$1,000,000,000) in 1994, for a total of three billion dollars (\$3,000,000,000).

Article 2. Transportation Improvement Program

2702.05. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the Passenger Rail Bond Fund, which is hereby created.

2702.06. The money in the fund, upon appropriation by the Legislature, shall be available, without regard to fiscal years, for acquisition of rights-of-way, capital expenditures, and acquisition of rolling stock for intercity rail, commuter rail, and urban rail transit and for capital improvements which directly support rail transportation, including exclusive busways which are converted within 10 years after completion of construction into rail lines, grade separations to enhance rail passenger service, and multimodal terminals.

2702.07. The appropriations for capital improvements and acquisition of rolling stock for intercity rail, commuter rail, and urban rail transit shall be used only on the following routes and corridors and those specified by statutes enacted by the Legislature:

(a) Intercity Rail.

(1) Los Angeles-San Diego.

(2) Santa Barbara County-Los Angeles.

(3) Los Angeles-Fresno-San Francisco Bay area and Sacramento.

(4) San Francisco Bay area-Sacramento-Auburn.

(5) San Francisco-Eureka.

(b) Commuter Rail.

(1) San Francisco-San Jose.

(2) San Jose-Gilroy.

(3) Gilroy-Monterey.

(4) Stockton-Livermore.

(5) Orange County-Los Angeles.

(6) Riverside County-Orange County.

(7) San Bernardino County-Los Angeles.

(8) Ventura County-San Fernando Valley-Los Angeles.

(9) Saugus-Los Angeles.

(10) Oceanside-San Diego.

(11) Escondido-Oceanside.

(c) Urban Rail Transit.

(1) Sacramento.

(A) Roseville extension.

(B) Hazel extension.

(C) Meadowview extension.

(D) Arena extension.

(2) San Francisco Bay Area Rapid Transit District.

(A) Bayfair-East Livermore.

(B) Concord-East Antioch.

(C) Fremont-Warm Springs.

(D) Daly City-San Francisco International Airport.

(E) Coliseum-Oakland International Airport.

(F) Richmond-Crockett.

(G) Warm Springs-San Jose.

(3) Alameda and Contra Costa Counties.

(A) Pleasanton-Concord.

(4) Santa Clara County.

(A) Sunnyvale-Santa Clara.

(B) San Jose-Vasona.

(C) State Highway Route 237.

(5) San Francisco City and County.

(A) Extensions, improvements, and additions to the San Francisco Municipal Railway.

(6) San Francisco-Santa Rosa-Sonoma.

(7) Santa Cruz County.

(A) Boardwalk area-University of California at Santa Cruz.

(8) Los Angeles Metro Rail.

(A) Wilshire/Alvarado-Wilshire/Western.

(B) Wilshire/Alvarado-Lankershim/Chandler.

(C) San Fernando Valley extension.

(D) Union Station-State Highway Routes 5 and 710.

(E) Wilshire/Western-Wilshire/State Highway Route 405.

(9) Los Angeles County Rail Corridors.

(A) San Fernando Valley.

(B) Pasadena-Los Angeles.

(C) Coastal Corridor (Torrance to Santa Monica).

(D) Santa Monica-Los Angeles.

(E) State Highway Route 5.

(F) State Highway Route 110.

(10) San Diego County.

(A) El Cajon-Santee.

(B) Downtown-Old Town.

(C) Airport-Point Loma.

(D) Old Town-Mission Valley.

(E) Mission Valley-La Mesa.

(F) La Jolla-Miramar.

(G) Old Town-Del Mar.

(H) Downtown-Escondido.

(I) Chula Vista-Otay Mesa.

2702.08. At least 15 percent of the money in the fund shall be used for intercity rail purposes and shall be equitably expended on intercity rail corridors based on the relative population served by each corridor.

Article 3. Fiscal Provisions

2702.10. Bonds in the total amount of one billion dollars (\$1,000,000,000), exclusive of refunding bonds, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

2702.11. (a) Except as provided in subdivision (b), the bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

(b) Notwithstanding any provision of the State General Obligation Bond Law, each issue of bonds authorized by the committee shall have a final maturity of not more than 20 years.

2702.12. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the Passenger Rail Finance Committee is hereby created. For purposes of this chapter, the Passenger Rail Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Director of Finance, the Controller, the Secretary of the Business, Transportation and Housing Agency, and the Director of Transportation, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

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

2702.13. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in Section 2702.06 and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be issued and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized be issued and sold at any one time. The committee shall consider program funding needs, revenue projections, financial market conditions, and other necessary factors in determining the shortest feasible term for the bonds to be issued.

2702.14. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

2702.15. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount equal to that sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

2702.16. (a) Money may be transferred from the fund to the State Transportation Fund to reimburse the Transportation Planning and Development Account and the State Highway Account for expenditures made from those accounts, on and after November 4, 1992, for capital improvements and acquisitions of rolling stock for intercity rail, commuter rail, and urban rail transit in accordance with Chapter 2 (commencing with Section 14520) of Part 5.3

of Division 3 of Title 2 of the Government Code, as specified in Section 2702.06.

(b) The amount that may be transferred pursuant to subdivision (a) shall not exceed the amount expended from those accounts for those capital improvements and acquisitions of rolling stock.

2702.17. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for purposes of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of this chapter, less any amount borrowed pursuant to Section 2702.18. The board shall execute such documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

2702.18. For the purpose of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of unsold bonds which have been authorized by the committee to be sold for the purpose of carrying out this chapter, less any amount borrowed pursuant to Section 2702.17. Any amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from the sale of bonds for the purpose of carrying out this chapter.

2702.19. All money deposited in the fund which is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

2702.20. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law.

2702.21. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

2702.22. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this chapter that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, the Treasurer may maintain a separate account for investment earnings, order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

Proposition 157: Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 27 (Statutes of 1992, Resolution Chapter 6) expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XX

SEC. 7. (a) Any toll road or toll highway owned by the State and leased to a

private entity shall be permanently toll free upon the expiration of the lease or after tolls have been collected for a total of 35 years, whichever occurs first.

(b) The Legislature may suspend the application of subdivision (a) to any toll road or toll highway by a statute passed in each house, by a rollcall vote entered in the journal, with two-thirds vote of the membership of each house concurring.

Proposition 158: Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 33 (Statutes of 1992, Resolution Chapter 7) expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE IV

Second—That Section 7.4 is added to Article IV thereof, to read:

SEC. 7.4. (a) There is in State government the Office of the California Analyst which shall assist the Legislature in its fiscal and policy functions. The office shall make recommendations to the Legislature on the annual State budget, the revenues and expenditures of the State, and the organization and structure of

State government, in order to make State governmental operations more effective and efficient.

(b) The office shall conduct its work in a strictly nonpartisan manner.

(c) The Joint Legislative Budget Committee authorized in statute shall appoint the California Analyst and employees of the office. The employees of the office shall be appointed and promoted on the basis of merit and professional qualifications.

(d) Expenditures of the Office of the California Analyst shall not be included in the "total aggregate expenditures of the Legislature" for purposes of Section 7.5 of this article.

Proposition 159: Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 34 (Statutes of 1992, Resolution Chapter 8) expressly amends the Constitution by adding a section thereto and amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE IV AND ARTICLE VII, SECTION 4

Second—That Section 23 is added to Article IV thereof, to read:

SEC. 23. (a) There is in state government an Office of the Auditor General, which shall conduct independent, nonpartisan, professional audits as required by state or federal law or as requested by the Legislature.

(b) Not more than 50 percent of the Joint Legislative Audit Committee shall be composed of members of the same political party.

(c) After recommendation by the Joint Legislative Audit Committee or its successor, the Legislature shall appoint or remove the Auditor General by concurrent resolution.

(d) Expenditures for the Office of the Auditor General shall be used only to pay for the cost of conducting audits, the cost of performing its duties under the Reporting of Improper Governmental Activities Act (Article 3 (commencing with Section 10540) of Chapter 4 of Part 2 of Division 2 of Title 2 of the Government Code), and related expenses. Expenditures of the Office of the Auditor General shall not be included in the "total aggregate expenditures of the Legislature" for purposes of Section 7.5 of this article.

(e) The staff of the Office of the Auditor General shall be hired and promoted on the basis of merit and professional qualifications.

Third—That Section 4 of Article VII thereof is amended to read:

SEC. 4. The following are exempt from civil service:

(a) Officers and employees appointed or employed by the Legislature, either

house, or legislative committees or by the Auditor General.

(b) Officers and employees appointed or employed by councils, commissions or public corporations in the judicial branch or by a court of record or officer thereof.

(c) Officers elected by the people and a deputy and an employee selected by each elected officer.

(d) Members of boards and commissions.

(e) A deputy or employee selected by each board or commission either appointed by the Governor or authorized by statute.

(f) State officers directly appointed by the Governor with or without the consent or confirmation of the Senate and the employees of the Governor's office, and the employees of the Lieutenant Governor's office directly appointed or employed by the Lieutenant Governor.

(g) A deputy or employee selected by each officer, except members of boards and commissions, exempted under Section 4(f).

(h) Officers and employees of the University of California and the California State Colleges.

(i) The teaching staff of schools under the jurisdiction of the Department of Education or the Superintendent of Public Instruction.

(j) Member, inmate, and patient help in state homes, charitable or correctional institutions, and state facilities for mentally ill or retarded persons.

(k) Members of the militia while engaged in military service.

(l) Officers and employees of district agricultural associations employed less than 6 months in a calendar year.

(m) In addition to positions exempted by other provisions of this section, the Attorney General may appoint or employ six deputies or employees, the Public Utilities Commission may appoint or employ one deputy or employee, and the Legislative Counsel may appoint or employ two deputies or employees.