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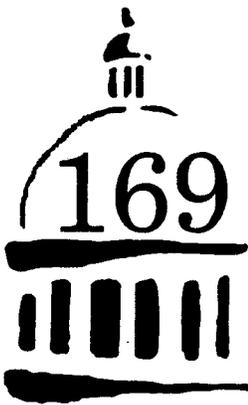
Budget Implementation.

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**Budget Implementation.
Legislative Constitutional Amendment.**

Official Title and Summary Prepared by the Attorney General

**BUDGET IMPLEMENTATION.
LEGISLATIVE CONSTITUTIONAL AMENDMENT.**

- Authorizes enactment of an annual statute, with more than one subject, to implement changes in law directly related to appropriations in the annual budget act, if title so states, and, if bill enacting statute is presented to the Governor at same time as budget bill.
- Provisions of statute not directly related to implementation of budget act appropriation(s) declared void.
- Authorizes Governor to veto one or more changes in law in annual statute, while approving others.
- Authorizes legislative override of change(s) and enactment in the same manner as bills, if vetoed by Governor.

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

- No significant costs or savings to state or local governments.

Final Votes Cast by the Legislature on SCA 32 (Proposition 169)

Assembly: Ayes 54 Senate: Ayes 29
 Noes 23 Noes 4

Analysis by the Legislative Analyst

Background

Each year, the Legislature commonly makes changes in existing law in order to implement the state budget. For example, law changes may be necessary in order to achieve the reduction in program or service expenditures budgeted. These budget-related changes generally cannot be combined into a single bill because the California Constitution does not allow bills to cover more than one subject. Instead, the Legislature must group the changes into a number of individual budget implementation bills (also known as "trailer bills"), each one dealing with a single subject area. For example, the 1993-94 state budget required about 20 such bills, each of which was voted on separately by the Legislature.

Under the California Constitution, a bill becomes a law after it is passed by the Legislature and signed by the Governor. The Governor also may veto a bill and return it to the Legislature with his or her objections. A veto applies to an entire bill, except that the Governor may reduce or eliminate expenditures authorized by the bill

without vetoing the entire bill. A veto can be overridden by a two-thirds vote of the members of each house of the Legislature.

Proposal

This measure amends the California Constitution to authorize one annual budget implementation bill that could cover more than a single subject. Each provision in such a bill must be directly related to implementation of the spending authority in the state budget. The Legislature would have to pass such an implementation bill and send it to the Governor at the same time as the state budget.

The measure allows the Governor to veto individual law changes in the budget implementation bill without vetoing the entire bill. The Legislature also could override these vetoes individually.

Fiscal Effect

There would be no significant costs or savings to the state or local governments due to this measure.

For text of Proposition 169 see page 40

Argument in Favor of Proposition 169

There are many political and policy issues that have interfered with the timely passage of a state budget in recent years. But there is one technical hurdle that nearly everyone agrees ought to be eliminated. That's why Proposition 169 was approved, with bipartisan support, by two thirds of both houses of the Legislature.

The Budget Bill is the most important piece of legislation that the Governor and Legislature deal with each year. It is the spending plan for state government. But it cannot take effect without other legislation to implement it.

Before 1987, the implementing legislation was contained in a *single bill* called the Trailer Bill—because that's what it did. It "trailed" right behind the Budget Bill and made happen what was agreed to in the budget package. It was nothing to argue over, because everyone understood it was just a technically necessary shadow companion of the heavily-debated Budget Bill previously passed by two thirds of both legislative houses.

However, in 1987, the California Supreme Court said that while the Budget Bill could deal with *more than one subject*—as budgets inevitably must—the State Constitution did not provide that there could be a Trailer Bill dealing with more than one. Since that time, a couple of dozen trailer bills each year have been necessary to implement the budget agreement. The decision was based on a technical reading of the Constitution. But there were unintended consequences that were very political.

One problem created is that any essential piece of a trailer package can be taken hostage by a special interest

group that greedily desires more favorable treatment than it happened to get in the Budget Bill. If we reward disruption of the budget process, we must not be surprised when budgets are not passed on time.

Also, individual treatment of budget issues misleads people by concealing the fact that tough individual compromises have to be made to get the two-thirds consensus needed to keep the state going. It encourages those who put politics first by allowing them to duck the hard decisions needed to pass the budget on time, as required by law.

The Constitution wisely allows for the reconciliation of diverse competing interests in *one Budget Bill* because it seeks overall fairness in the distribution of benefits and burdens affecting more than 30 million people. It also recognizes that perfect fairness to everyone, in every situation, is not possible. Logically, for exactly the same reasons, legislation that implements the Budget Bill—*one Trailer Bill* each year—should be able to be placed in a single document.

This is an important reform that can help California government get back on track. It removes an obstacle to budget agreement that nobody wanted or expected. It has overwhelming bipartisan support. Please vote "yes."

BARRY KEENE

Retired Senate Majority Leader

A. ALAN POST

Co-Chair, California Citizens Budget Commission

KIRK WEST

President, California Chamber of Commerce

Rebuttal to Argument in Favor of Proposition 169

Certainly legislators and the governor should be required to pass a state budget on time. But that doesn't mean we should make it easier for them to raise taxes in the process. When you look behind the rhetoric, this is precisely what Proposition 169 does—makes it easier for legislators to pass massive state tax increases.

Supporters of Proposition 169 want you to believe this is a reform measure that will break budget deadlock in the State Legislature. In truth, Proposition 169 simply lets legislators raise a host of taxes with a single vote, rather than holding them accountable for each and every tax they raise.

By making it harder for the public to keep track of which taxes are being raised and by how much, Proposition 169 seriously weakens the ability of taxpayers to protect themselves against new and higher taxes.

Proposition 169 is dangerous because it stifles political debate and lessens public accountability—the cornerstones of democracy. Democracy depends on open government and public scrutiny, and demands that our elected officials be held strictly accountable for their actions. If legislators want to raise taxes, they should have the courage to justify their action, not hide behind a complex and confusing multiple tax bill—the kind created by Proposition 169.

Don't be fooled by promises of budget reform. The only barrier Proposition 169 removes is the one protecting you against higher taxes. Proposition 169 is just one more attempt by politicians to pick your pockets—without you knowing it.

DEAN ANDAL

Assemblyman, Central Valley

TOM McCLINTOCK

Director, The Center for the California Taxpayer

Argument Against Proposition 169

Don't be fooled—PROPOSITION 169 will not end budget gridlock or reform the Legislature. It was specifically put on the ballot by free-spending politicians who want to make it easier to raise your taxes.

Under current law, legislators must vote for each and every plan to raise taxes. But Proposition 169 will let them off the hook by letting them hide behind one large, anonymous and confusing tax bill in which dozens of higher fees and new taxes could be hidden.

In 1991, legislators raised taxes by more than \$7 billion. They had to vote five times to raise sales taxes, income taxes, vehicle fees, business taxes, and snack taxes—and they had to explain to taxpayers five times why they were raising these taxes. Under Proposition 169, they would have been required to cast only one vote to raise taxes, which easily could have resulted in an even bigger tax increase.

Proposition 169 will rob us of our two most important defenses against higher taxes—public scrutiny and political accountability. By making it harder for voters to know what is hidden in the state budget, Proposition 169 makes it easier for politicians to raise taxes.

Our democracy demands that elected officials carefully explain their actions in office and be held strictly accountable for what they do, especially when they raise taxes. Proposition 169 weakens this basic democratic principle.

If you agree taxes should be hard to raise and politicians should be held accountable, vote "NO" on Proposition 169.

DEAN ANDAL
Assemblyman, Central Valley

TOM McCLINTOCK
Director, The Center for the California Taxpayer

Rebuttal to Argument Against Proposition 169

Pass this measure—avoid higher taxes.

In letting *only* the Budget Bill deal with more than one subject, the Constitution wisely consolidated appropriation for the annual budget in one bill to avoid "divide and conquer" manipulation by greedy special interests seeking to get more at the taxpayers' expense. This sound principle of responsible government was undermined by a quirky court decision in 1987.

Failure to pass this measure amounts to surrendering to gridlock.

This measure restores the time-honored method of getting budget agreement, eliminating a source of friction that contributes to general legislative gridlock. Between 1987 and 1993, the Budget Bill was late every year. It's no coincidence!

Nothing here would make it easier to raise taxes.

Any Trailer Bill containing a tax increase could not pass without the same two-thirds vote of the Legislature required of any other bill containing a tax increase. If it's

been harder, since 1987, to raise taxes, why did the largest increase in California's history occur in 1991?

Nothing here would make it easier to conceal a tax increase.

It would be discussed—and well reported in the press—in the lengthy public debate over revenues for the Budget Bill. It would be discussed *again*, publicly, in connection with the Trailer Bill. Ex-Assemblyman McClintock, head of one of several "tax watchdog" groups, signed the opposition argument. These watchdogs would hardly let a tax increase go unnoticed!

THIS MEASURE WILL REDUCE PRESSURES FOR GOVERNMENT SPENDING AND RESULT IN MANY MORE BUDGETS BEING ENACTED ON TIME!

BARRY KEENE
Retired Senate Majority Leader

A. ALAN POST
Co-Chair, California Citizens Budget Committee

PATRICK SABELHAUS
Secretary, Rural Builders Council of California

Proposition 169: Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 32 (Statutes of 1992, Resolution Chapter 114) expressly amends the Constitution by 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, SECTION 9

SEC. 9. A (a) *Except as provided in subdivision (b), a statute shall embrace but one subject, which shall be expressed in its title. If a statute embraces a subject not expressed in its title, only the part not expressed is void.*

(b) *One statute enacted during each calendar year of the biennium of the legislative session may embrace more than one subject if the statute makes changes in law that*

are directly related to the implementation of the appropriations in the Budget Act enacted that year, the fact is expressed in its title, and the bill that enacts the statute is presented to the Governor at the same time as the bill that enacts the Budget Act. If the statute makes a change in law that is not directly related to the implementation of one or more appropriations in the Budget Act, that change is void. The Governor, while approving other portions of the bill that enacts the statute, may eliminate one or more changes in law. Changes in law eliminated shall be separately reconsidered and may be passed over the Governor's veto in the same manner as bills.

(c) A statute may not be amended by reference to its title. A section of a statute may not be amended unless the section is re-enacted as amended.

Proposition 170: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 6 (Statutes of 1992, Resolution Chapter 135) expressly amends the Constitution by amending sections 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 XIII A, SECTION 1 AND ARTICLE XVI, SECTION 18

First—That Section 1 of Article XIII A thereof is amended to read:

Section 1. (a) The maximum amount of any ad valorem tax on real property shall not exceed ~~One~~ *one* percent (1%) of the full cash value of such property. The ~~one percent (1%) tax to~~ *shall* be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on ~~(1)~~ *any of the following*:

(1) *Any indebtedness approved by the voters prior to July 1, 1978, or*

(2) ~~any~~ *Any bonded indebtedness, not subject to paragraph (3), for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.*

(3) *Any bonded indebtedness incurred by a school district, county office of education, or community college district for the construction, reconstruction, or rehabilitation of school facilities, including the furnishing and equipping thereof, or the acquisition of real property therefor, approved by a majority of the voters voting on the proposition on or after the day after the date of the election at which Assembly Constitutional Amendment 6 of the 1991-92 Regular Session is approved.*

(c) *No ad valorem tax levied pursuant to subdivision (b) shall be deemed a special tax for purposes of this article.*

(d) *Section 65997 of the Government Code, as that section read on the effective date of this subdivision, has no force or effect.*

Second—That Section 18 of Article XVI thereof is amended to read:

SEC. 18. (a) No county, city, town, township, board of education, or school district, shall incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for ~~such~~ *that* year, without the assent two-thirds of the ~~qualified electors~~ *voters* thereof, voting at an election to be held for that purpose, except that, with respect to any such public entity which is authorized to incur indebtedness for public school purposes, any proposition for the incurrence of indebtedness in the form of general obligation bonds for the purpose of repairing, reconstructing, or replacing public school buildings determined, in the manner prescribed by law, to be structurally unsafe for school use, shall be adopted upon the approval of a majority of the ~~qualified electors~~ *voters* of the public entity voting on the proposition at ~~such~~ *the* election; nor unless, before or at the time of incurring ~~such~~ *the* indebtedness, provision shall be made for the collection of an annual tax sufficient to pay the interest on ~~such~~ *the* indebtedness as it falls due, and also provision to constitute a sinking fund for the payment of the principal thereof, on or before maturity, which shall not exceed forty years from the time of contracting the ~~same~~ *indebtedness*; provided, however, anything to the contrary herein notwithstanding, when two or more propositions for incurring any indebtedness or liability are submitted at the same election, the votes cast for and against each proposition shall be counted separately, and when two-thirds or a majority of the ~~qualified electors~~ *voters*, as the case may be, voting on any one of ~~such~~ *those* propositions, vote in favor thereof, ~~such~~ *the* proposition shall be deemed adopted.

(b) *Notwithstanding subdivision (a), on or after the day after the date of the election at which a majority of the voters voting in that election on Assembly Constitutional*