Local Government Funds, Revenues. State Mandates.

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PROPOSITION 65
LOCAL GOVERNMENT FUNDS, REVENUES. STATE MANDATES. INITIATIVE CONSTITUTIONAL AMENDMENT.

OFFICIAL TITLE AND SUMMARY

Local Government Funds, Revenues. State Mandates. Initiative Constitutional Amendment.

• Requires voter approval for any legislation that provides for any reduction, based on January 1, 2003 levels, of local governments’ vehicle license fee revenues, sales tax powers and revenues, and proportionate share of local property tax revenues.

• Permits local government to suspend performance of state mandate if state fails to reimburse local government within 180 days of final determination of state-mandated obligation; except mandates requiring local government to provide/modify: any protection, benefit or employment status to employee/retiree, or any procedural/substantive employment right for employee or employee organization.

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

• Significant changes to state authority over local finances. Higher local government revenues than otherwise would have been the case, possibly in the billions of dollars annually over time. Any such local revenue impacts would result in decreased resources to the state of similar amounts.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Local Government Funding

California has over 5,000 local governments—cities, counties, special districts, and redevelopment agencies—that provide services such as fire and police protection, water, libraries, and parks and recreation programs. Local governments pay for these programs and services with money from local taxes, fees, and user charges; state and federal aid; and other sources. Three taxes play a major role in local finance because they raise significant sums of general-purpose revenues that local governments may use to pay for a variety of programs and services. These three taxes—the property tax, the local sales tax, and the vehicle license fee (VLF)—are described in Figure 1.

State Authority Over Local Finance

The State Constitution and existing statutes give the Legislature authority over the three major taxes described in Figure 1. For example, the Legislature has some authority to change tax rates; items subject to taxation; and the distribution of tax revenues among local governments, schools, and community college districts. The state has used this authority for many purposes, including increasing funding for local services, reducing state costs, reducing taxation, and addressing concerns regarding funding for particular local governments. Figure 2 describes some past actions the Legislature has taken, as well as actions that the state was considering during the summer of 2004 (at the time this analysis was prepared).

Requirement to Reimburse for State Mandates

The State Constitution generally requires the state to reimburse local governments, schools, and community college districts when the state “mandates” a new local program or higher level of service. For example, the state requires local agencies to post agendas for their hearings. As a mandate, the state must pay local governments, schools, and community college districts for their costs to post these agendas. Because of the state’s budget difficulties, the state has not provided mandate reimbursements in recent years. Currently, the state owes these local agencies about $2 billion for prior-years’ costs of state-mandated programs.
FOR LOCAL GOVERNMENT FUNDS, REVENUES, STATE MANDATES, INITIATIVE CONSTITUTIONAL AMENDMENT.

ANALYSIS BY THE LEGISLATIVE ANALYST (CONT.)

Three Major Local Government Taxes

<table>
<thead>
<tr>
<th>Property Tax</th>
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<tbody>
<tr>
<td>• Local governments receive general-purpose revenues from a 1 percent property tax levied on real property.</td>
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<tr>
<td>• During the 2003–04 fiscal year, local governments received approximately $15 billion in property tax revenues. (An additional $16 billion in property taxes went to schools and community colleges.)</td>
</tr>
<tr>
<td>• There is wide variation in the share of property taxes received by individual local governments. This variation largely reflects differences among local agency property tax rates during the mid-1970s, the period on which the state’s property tax allocation laws are based.</td>
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Vehicle License Fee (VLF)

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<tr>
<th>VLF</th>
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<tbody>
<tr>
<td>• The VLF is a tax levied annually on the value of vehicles registered in the state.</td>
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<tr>
<td>• For about a half century, the VLF rate was 2 percent of vehicle value. In 1999, the Legislature began reducing the rate charged to vehicle owners, with the state “backfilling” the resulting city and county revenue losses.</td>
</tr>
<tr>
<td>• During 2003–04, the VLF (set at a rate of 0.65 percent of vehicle value) and the VLF backfill would have provided about $5.9 billion to cities and counties. The state, however, deferred payment of part of the backfill to 2006.</td>
</tr>
<tr>
<td>• State law generally requires that three-quarters of VLF revenues be allocated to cities and counties on a population basis for general-purpose uses and the remaining VLF revenues be allocated to counties for health and social services programs.</td>
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</table>

Local Sales Tax

<table>
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<th>Sales Tax</th>
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<tr>
<td>• Cities and counties receive revenues from a uniform local sales tax levied on the purchase price of most goods—such as clothing, automobiles, and restaurant meals.</td>
</tr>
<tr>
<td>• During 2003–04, this tax was levied at a rate of 1.25 percent and generated about $5.9 billion.</td>
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<tr>
<td>• Under current law, 80 percent of sales tax revenues are distributed to local governments based on where sales occur—to a city if the sale occurs within its boundaries, or to a county if the sale occurs in an unincorporated area. The remaining 20 percent of local sales tax revenues are allocated to counties for transportation purposes.</td>
</tr>
<tr>
<td>• Beginning in 2004–05, local governments will receive additional property taxes to replace some local sales tax revenues that are pledged to pay debt service on state deficit-related bonds, approved by voters in March 2004.</td>
</tr>
</tbody>
</table>

Proposal

Limitations on Legislature’s Authority to Change Local Revenues

This measure amends the State Constitution to significantly reduce the Legislature’s authority to make changes affecting any local government’s revenues from the property tax, sales tax, and VLF. Specifically, the measure requires approval by the

FIGURE 2

Major State Actions Affecting Local Finance

Past Actions

Increasing Funding for Local Services. In 1979, the state shifted an ongoing share of the property tax from schools and community colleges to local governments (cities, counties, and special districts). This shift limited local government program reductions after the revenue losses resulting from the passage of Proposition 13, but increased state costs to backfill schools’ and community colleges’ property tax losses.

Reducing State Costs. In 1992 and 1993, the state shifted an ongoing share of property taxes from local governments to schools and community colleges. This had the effect of reducing local government resources and reducing state costs. The state also reduced its costs by deferring payments to local governments for state mandate reimbursements (most notably, in 2002 and 2003) and for a portion of the VLF backfill (2003).

Reducing Taxation. Beginning in 1999, the state reduced the VLF rate to provide tax relief. The state “backfilled” the resulting city and county revenue losses.

Addressing Concerns Regarding Funding for Specific Local Governments. In the past, the state has at various times adjusted the annual allocation of property taxes and VLF revenues to assist cities that received very low shares of the local property tax.

Proposals Under Consideration in July 2004

Reducing State Costs. The state was considering shifting $1.3 billion of property taxes in 2004–05 and in 2005–06 from local governments to schools and community colleges to reduce state costs. The state also was considering deferring 2004–05 mandate payments to local governments.

Restructuring Local Finance. The state was considering replacing city and county VLF backfill revenues with property taxes shifted from schools and community colleges.
ANALYSIS BY THE LEGISLATIVE ANALYST (CONT.)

Proposition 65 would reduce state authority over local finances. Over time, it could have significant fiscal impacts on state and local governments, as described below.

Long-Term Effect on Local and State Finance

Higher and More Stable Local Government Revenues. Given the number and magnitude of past state actions affecting local taxes, this measure’s restrictions on the state’s authority to enact such measures in the future would have potentially major fiscal effects on local governments. For example, a legislative measure that reduces local government revenues may not receive the necessary voter approval required under this measure. In addition, there may be other cases where the Legislature and Governor do not pursue legislation to reduce local revenues because of the perceived difficulty in obtaining voter approval. In these cases, this measure would result in local government revenues being more stable—and higher—than otherwise would be the case. The magnitude of increased local revenues is unknown and would depend on future actions by the Legislature, the Governor, and the state’s voters. Given past actions by the state, however, this increase in local government revenues could be in the billions of dollars annually. These increased local revenues could result in higher spending on local programs or decreased local fees or taxes.

Lower Resources for State Programs. In general, the measure’s effect on state finances would be the opposite of its effect on local finances. That is, this measure could result in decreased resources being available for state programs than otherwise would be the case. This reduction, in turn, would affect state spending and/or taxes. For example, if the state’s voters rejected a proposal to use local government property taxes as part of the state’s budget solution, the Legislature would need to take alternative actions to resolve the state’s budget difficulties—such as increasing state taxes or decreasing spending on other state programs. As with the local impact, the total fiscal effect also could be in the billions of dollars annually.
Less Change to the Revenue of Individual Local Governments. Proposition 65 restricts the state’s authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example, measures that changed how local sales tax revenues are allocated to cities and counties, or that shifted property taxes from a water district to another special district, would not become effective until approved by voters at a statewide election. If the state’s voters did not approve such reallocations, or if the Legislature and Governor did not pursue them because of the perceived difficulty in obtaining voter approval, this measure would result in fewer changes to local government revenues than otherwise would have been the case.

Potential Immediate Effect on Local and State Finance

This analysis was prepared in mid-July, before the state’s budget for 2004–05 was adopted. At that time, the Legislature was considering the Governor’s proposal to shift $1.3 billion of property taxes from local governments to schools and community colleges in 2004–05 and again in 2005–06. This shift would reduce local government resources by $1.3 billion in each of the two years. It would also decrease state costs by comparable amounts (because higher property taxes to schools and community colleges result in lower state education costs). This property tax shift, if adopted in the 2004–05 budget, would be affected by passage of Proposition 65. That is, the property tax shift would be suspended until voted upon at the subsequent statewide election (currently scheduled for March 2006). If voters approved the shift proposal, it would go into effect. If voters rejected the proposal, it would not go into effect, and the fiscal impacts described above would be reversed. That is:

- Local governments would retain the $1.3 billion in property tax revenues in 2004–05 and in 2005–06.
- The state would experience increased costs of comparable amounts.

Effect on Local Programs and State Reimbursements

Because the measure appears to expand the circumstances under which the state is required to reimburse local agencies, the measure may increase future state costs or alter future state actions regarding local or jointly funded state-local programs. While it is not possible to determine the cost to reimburse local agencies for potential future state actions, our review of state measures enacted in the past suggests that, over time, increased state reimbursement costs could exceed a hundred million dollars annually.

For text of Proposition 65 see page 17.
No argument in favor was provided for this measure.
ARGUMENT Against Proposition 65

VOTE NO on 65.
VOTE YES on 1A.

Our coalition of local governments submitted Prop. 65 to the voters in order to protect local revenues that are used to provide essential services, including fire protection, law enforcement, paramedic response, and emergency medical care. For years, state legislators have taken local government funds used to provide these essential local services.

HOWEVER, in the time since Prop. 65 was submitted, a new and better measure—Prop. 1A—has been placed on the ballot to prevent state raids on local government funding. Prop. 1A is supported by Governor Arnold Schwarzenegger, Democrats and Republicans, local government and public safety leaders because it is a better, more flexible approach to protect funding for vital local services. Please look in the ballot pamphlet at the official arguments and the diverse groups supporting Prop. 1A.

VOTE NO on 65.
VOTE YES on 1A.

CHRIS MCKENZIE, Executive Director
League of California Cities

CATHERINE SMITH, Executive Director
California Special Districts Association

STEVEN SZALAY, Executive Director
California State Association of Counties
## PROP 1A Protection of Local Government Revenues

### Summary
Ensures local property tax and sales tax revenues remain with local government thereby safeguarding funding for public safety, health, libraries, parks, and other local services. Provisions can only be suspended if the Governor declares a fiscal necessity and two-thirds of the Legislature concur. Fiscal Impact: Higher local government revenues than otherwise would have been the case, possibly in the billions of dollars annually over time. Any such local revenue impacts would result in decreased resources to the state of similar amounts.

### What Your Vote Means

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>A <strong>YES</strong> vote on this measure means: State authority over local government finances would be significantly restricted.</td>
<td>A <strong>NO</strong> vote on this measure means: The state’s current authority over local government finances would not be affected.</td>
</tr>
</tbody>
</table>

### Arguments

#### Pro
Prop. 1A is a historic, bipartisan agreement that prevents the State from taking and using local tax dollars, which local governments use for fire and paramedic response, law enforcement, health care, and other vital services. Join Governor Schwarzenegger, firefighters, law enforcement. **PROTECT LOCAL TAXPAYERS AND PUBLIC SAFETY.** YES on 1A.

#### Con
Proposition 1A gives local politicians a spending guarantee without fiscal oversight. It allows the State to permanently raid the property taxes of school districts, but not the property taxes of cities and counties. It locks in the local sales tax rate in the Constitution, preventing the Legislature from ever lowering it.

### For Additional Information

**For**
Yes on 1A Californians to Protect Local Taxpayers and Public Safety
1121 L Street, Suite 803
Sacramento, CA 95814
800-827-9086
info@yesonprop1A.com
www.yesonprop1A.com

**Against**
Carole Migden, Chairwoman
State Board of Equalization
601 Van Ness Ave., #E3-611
San Francisco, CA 94102

## PROP 65 Local Government Funds, Revenues. State Mandates. Initiative Constitutional Amendment.

### Summary
Requires voter approval for reduction of local fee/tax revenues. Permits suspension of state mandate if no state reimbursement to local government within 180 days after obligation determined. Fiscal Impact: Higher local government revenues than otherwise would have been the case, possibly in the billions of dollars annually over time. Any such local revenue impacts would result in decreased resources to the state of similar amounts.

### What Your Vote Means

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<tr>
<td>A <strong>YES</strong> vote on this measure means: State authority over local government finances would be significantly restricted.</td>
<td>A <strong>NO</strong> vote on this measure means: The state could continue to make changes in local government finances without voter approval at a statewide election.</td>
</tr>
</tbody>
</table>

### Arguments

#### Pro
Prop. 1A is a historic, bipartisan agreement that prevents the State from taking and using local tax dollars, which local governments use for fire and paramedic response, law enforcement, health care, and other vital services. Join Governor Schwarzenegger, firefighters, law enforcement. **PROTECT LOCAL TAXPAYERS AND PUBLIC SAFETY.** YES on 1A.

#### Con
Our coalition submitted Prop. 65 to the voters, but we are now supporting Prop. 1A—a better, more flexible alternative to protect funding for local taxpayers and local public safety services. Join Governor Schwarzenegger, police, fire, health care, and local government leaders. Yes on Prop. 1A. NO on Prop. 65.

### For Additional Information

**For**
No contact information available.

**Against**
No contact information available.
except that the Legislature may, but need not, provide such a subvention of funds for the following mandates:

1. Legislative mandates requested by the local agency affected.
2. Legislation defining a new crime or changing an existing definition of a crime.
3. Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.
4. Except as provided in paragraph (2), for the 2005–06 fiscal year and every subsequent fiscal year, for a mandate for which the costs of a local government claimant have been determined in a preceding fiscal year to be payable by the State pursuant to law, the Legislature shall either appropriate, in the annual Budget Act, the full payable amount that has not been previously paid, or suspend the operation of the mandate for the fiscal year for which the annual Budget Act is applicable in a manner prescribed by law.
5. Payable claims for costs incurred prior to the 2004–05 fiscal year that have not been paid prior to the 2005–06 fiscal year may be paid over a term of years, as prescribed by law.
6. Ad valorem property tax revenues shall not be used to reimburse a local government for the costs of a new program or higher level of service.

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

This initiative measure amends an article of, and adds an article to, the California Constitution; 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 LAW

THE LOCAL TAXPAYERS AND PUBLIC SAFETY PROTECTION ACT

SECTION 1. Short Title

These amendments to the California Constitution shall be known and may be cited as the Local Taxpayers and Public Safety Protection Act.

SECTION 2. Findings and Purposes

(a) The people of the State of California find that restoring local control over local tax dollars is vital to insure that local tax dollars are used to provide critical local services, including, but not limited to, police, fire, emergency and trauma care, public health, libraries, criminal justice, and road and street maintenance. Reliable funding for these services is essential for the security, well-being, and quality of life of all Californians.

(b) For many years, the Legislature has taken away local tax dollars used by local governments so that the state could control those local tax dollars. In fact, the Legislature has been taking away billions of local tax dollars each year, forcing local governments to either raise local fees or taxes to maintain services, or cut back on critically needed local services.

(c) The Legislature’s diversion of local tax dollars from local governments harms local governments’ ability to provide such specific services as police, fire, emergency and trauma care, public health, libraries, criminal justice, and road and street maintenance.

(d) In recognition of the harm caused by diversion of local tax dollars and the importance placed on voter control of major decisions concerning government finance, and consistent with existing provisions of the California Constitution that give the people the right to vote on fiscal changes, the people of the State of California want the right to vote on actions by the state government that take local tax dollars from local governments.

(e) The Local Taxpayers and Public Safety Protection Act is designed to insure that the people of the State of California shall have the right to approve or reject the actions of state government to take away local revenue that fund vitally needed local services.

(f) The Local Taxpayers and Public Safety Protection Act strengthens the requirement that if the state mandates local governments to implement new or expanded programs, then the state shall reimburse local governments for the cost of those programs.

(g) The Local Taxpayers and Public Safety Protection Act does not amend or modify the School Funding Initiative, Proposition 98 (Section 8 of Article XVI of the California Constitution).

(h) Therefore, the people declare that the purposes of this act are:

1. Require voter approval before the Legislature removes local tax dollars from the control of local government, as described in this measure.
2. Insure that local tax dollars are dedicated to local governments to fund local public services.
3. Insure that the Legislature reimburses local governments when the state mandates local governments to assume more financial responsibility for new or existing programs.
4. Prohibit the Legislature from deferring or delaying annual reimbursement to local governments for state-mandated programs.

SECTION 3. Article XIII E is added to the California Constitution, to read:

ARTICLE XIII E

LOCAL TAXPAYERS AND PUBLIC SAFETY PROTECTION ACT

SECTION 1. Statewide Voter Approval Required

(a) Approval by a majority vote of the electorate, as provided for in this section, shall be required before any act of the Legislature takes effect that removes the following funding sources, or portions thereof, from the control of any local government:

1. Reduces, or suspends or delays the receipt of, any local government’s proportionate share of the local property tax when the Legislature exercises its power to apportion the local property tax; or requires any local government to remit local property taxes to the State, a state-created fund, or, without the consent of the affected local governments, to another local government.

2. Reduces, or delays or suspends the receipt of, the Local Government Base Year Fund to any local government, without appropriating funds to offset the reduction, delay, or suspension in an equal amount.

3. Restricts the authority to impose, or changes the method of distributing, the local sales tax.

4. Reduces, or suspends or delays the receipt of, the 2003 Local Government Payment Deferral.

5. Fails to reinstate the suspended Bradley-Burns Uniform Local Sales and Use Tax Rate increase in accordance with Section 97.68 of the Revenue
and Taxation Code, as added by Chapter 162 of the Statutes of 2003; or reduces any local government’s allocation of the property tax required by Section 97.68 of the Revenue and Taxation Code while the sales tax rate is suspended.

(b) Prior to its submission to the electorate, an act subject to voter approval under this section must be approved by the same vote of the Legislature as is required to enact a budget bill and shall not take effect until approved by a majority of those voting on the measure at the next statewide election in accordance with subdivision (c).

(c) When an election is required by this section, the Secretary of State shall present the following question to the electorate: “Shall that action taken by the Legislature in [Chapter ___ of the Statutes of ___], which affects local revenues, be approved?”

SEC. 2. Definitions

(a) “Local government” means any city, county, city and county, or special district.

(b) “Local Government Base Year Fund” means the amount of revenue appropriated in the 2002–03 fiscal year in accordance with Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code, adjusted annually based upon the change in assessed valuation of vehicles that are subject to those provisions of law. In the event that the fees imposed by those provisions of law are repealed, then the fund shall be extended annually on July 1 by an amount not less than the percentage change in per capita personal income and the change in population, as calculated pursuant to Article XIII B.

(c) “2003 Local Government Payment Deferral” means the amount of revenues required to be transferred to local government from the General Fund specified in subparagraph (D) of paragraph (3) of subdivision (a) of Section 10754 of the Revenue and Taxation Code in effect on August 11, 2003.

(d) “Local property tax” means any local government’s January 1, 2003, proportionate share of ad valorem taxes on real property and tangible personal property apportioned pursuant to the Legislature’s exercise of its power to apportion property taxes as specified in Section 1 of Article XIII A. “Local property tax” also means any local government’s allocation of the ad valorem tax on real property and tangible personal property pursuant to Section 16 of Article XVI.

(e) “Local sales tax” means any sales and use tax imposed by any city, county, or city and county pursuant to the terms of the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) in accordance with the law in effect on January 1, 2003.

(f) “Special district” means an agency of the State, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions with limited geographic boundaries, including redevelopment agencies, but not including school districts, community college districts, or county offices of education.

(g) “State” means the State of California.

SEC. 3. Imminent Measures

(a) The operation and effect of any statute, or portion thereof, enacted between November 1, 2003, and the effective date of this article, that would have required voter approval pursuant to Section 1 if enacted on or after the effective date of this act (the “interim statute”), shall be suspended on that date and shall have no further force and effect until the date the interim statute is approved by the voters at the first statewide election following the effective date of this article in the manner specified in Section 1. If the interim statute is not approved by the voters, it shall have no further force and effect.

(b) If the interim statute is approved by the voters, it shall nonetheless have no further force and effect during the period of suspension; provided, however, that the statute shall have force and effect during the period of suspension if the interim statute or a separate act of the Legislature appropriates funds to affected local governments in an amount which is not less than the revenues affected by the interim statute.

(c) A statute or other measure that is enacted by the Legislature and approved by the voters between November 1, 2003, and the effective date of this article is not an interim statute within the meaning of this section.

SECTION 4. Section 6 of Article XIII B of the California Constitution is amended to read:

SEC. 6. (a) Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the State shall annually provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

(1) Legislative mandates requested by the local agency affected.

(2) Legislation defining a new crime or changing an existing definition of a crime.

(3) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

(b) The annual subvention of funds required by this section shall be transmitted to the local government within 180 days of the effective date of the statute or regulation or order by a state officer or agency that mandates a new program or higher level of service, or within 180 days of a final adjudication that a subvention of funds is required pursuant to this section. For purposes of this section, the Legislature or any state agency or officer mandates a new program or higher level of service when it creates a new program, requires services not previously required to be provided, increases the frequency or duration of required services, increases the number of persons eligible for services, or transfers to local government complete or partial financial responsibility for a program for which the State previously had complete or partial financial responsibility.

(c) If, during the fiscal year in which a claim for reimbursement is filed for a subvention of funds, the Legislature does not appropriate a subvention of funds that provides full reimbursement as required by subdivision (a), or does not appropriate a subvention of funds that provides full reimbursement as part of the state budget act in the fiscal year immediately following the filing of that claim for reimbursement, then a local government may elect one of the following options:

(1) Continue to perform the mandate. The local government shall receive reimbursement for its costs to perform the mandate through a subsequent appropriation and subvention of funds.

(2) Suspend performance of the mandate during all or a portion of the fiscal year in which the election permitted by this subdivision is made. The local government may continue to suspend performance of the mandate during all or a portion of subsequent fiscal years until the fiscal year in which the Legislature appropriates the subvention of funds to provide full reimbursement as required by subdivision (a). A local government shall receive reimbursement for its costs for that portion of the fiscal year during which it performed the mandate through a subsequent appropriation and subvention of funds.

The terms of this subdivision do not apply to, and a local government may not request reimbursement for, a mandate that either requires a local government to provide or modify any form of protection, right, benefit, or employment status for any local government employee or retiree, or provides or modifies any procedural or substantive right for any local government employee or employee organization, arising from, affecting, or directly relating to future, current, or past local government employment.

(d) For purposes of this section, “mandate” means a statute, or action or order of any state agency, which has been determined by the Legislature, any court, or the Commission on State Mandates or its designated successor, to require reimbursement pursuant to this section.

SECTION 5. Construction

(a) This measure shall be liberally construed to effectuate its purposes, which include providing adequate funds to local government for local services, including, but not limited to, such services as police, fire, emergency and trauma care, public health, libraries, criminal justice, and road and street maintenance.

(b) This measure shall not be construed either to alter the apportionment of the ad valorem tax on real property pursuant to Section 1 of Article XIII A of the California Constitution by any statute in effect prior to January 1, 2003, or to prevent the Legislature from altering that apportionment in compliance with the terms of this measure.

(c) Except as provided in Section 3 of Article XIII E of the California Constitution as added by Section 3 of this act, the provisions of Section 1 of Article XIII E of the California Constitution as added by Section 3 of this act apply to all statutes adopted on or after the effective date of this act.

SECTION 6. If any part of this measure or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the remainder shall not be affected other provisions or applications that are reasonably can be given effect without the invalid provision or application.