

2014

Voter Information Guide for 2014, General Election

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CALIFORNIA GENERAL ELECTION TUESDAY, NOVEMBER 4, 2014

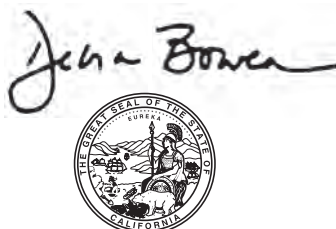
★ OFFICIAL VOTER INFORMATION GUIDE ★

Certificate of Correctness

I, Debra Bowen, Secretary of State of the State of California,
hereby certify that this guide has been prepared in accordance with the law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 13th day of August, 2014.

Polls are
open from
7:00 a.m. to 8:00 p.m.
on Election Day



Debra Bowen
Secretary of State



Secretary of State

Dear Fellow Voter:

By registering to vote, you have taken the first step in deciding California's future. To help you make your decisions, my team created this Official Voter Information Guide—just one of the useful tools for learning about what is on your ballot and how this election works.

Your county sample ballot booklet has information about candidates and measures unique to your region. For more election details such as how to check your voter registration, find your polling place, or confirm your vote-by-mail ballot was received, visit www.sos.ca.gov/elections or call my toll-free voter hotline at (800) 345-8683.

Every registered voter has a choice of voting by mail or voting in a local polling place. The last day to request a vote-by-mail ballot from your county elections office is October 28. On Election Day, polls will be open from 7:00 a.m. to 8:00 p.m.

There are more ways to participate in the electoral process.

- Be a poll worker on Election Day, helping to make voting easier for all eligible voters and protecting ballots until they are counted.
- Spread the word about voting rights through emails, phone calls, brochures, and posters.
- Educate other voters by organizing discussion groups or participating in debates with friends, family, and community leaders.

This voter guide contains titles and summaries of state ballot measures prepared by Attorney General Kamala D. Harris; impartial analyses of the ballot measures and potential costs to taxpayers prepared by Legislative Analyst Mac Taylor; ballot measure arguments prepared by proponents and opponents; text of the proposed laws prepared and proofed by Legislative Counsel Diane F. Boyer-Vine; and other useful information. The guide was printed under the supervision of State Printer David Gerald "Jerry" Hill.

It is a wonderful privilege in a democracy to have choices. Some contests really do come down to a narrow margin of just a few votes. I encourage you to take time to carefully read about each candidate and ballot measure, and to know your voting rights.

Thank you for taking your civic responsibility seriously and making your voice heard!

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For more information about your voting rights, see page 79 of this guide.

Find Your Polling Place

Polling places are established by county elections officials. When you receive your county sample ballot booklet in the mail a few weeks before Election Day, look for your polling place address on the back cover.

If you moved to your new address after October 20, 2014, you may vote at your former polling place.

Many county elections offices offer polling place look-up assistance through websites or phone numbers. For more information, visit the Secretary of State's website at www.sos.ca.gov/elections/find-polling-place.htm or call the toll-free Voter Hotline at (800) 345-8683.

On Election Day, polls will be open from 7:00 a.m. to 8:00 p.m. If you are in line before 8:00 p.m., you will be able to vote.

If your name is not on the voter list at your polling place, you have the right to vote a provisional ballot. A provisional ballot looks like a regular ballot but you will place it in a special envelope. Your provisional ballot will be counted after elections officials have confirmed that you are registered to vote in that county and you did not already vote in that election.

You may vote a provisional ballot at any polling place in the county in which you are registered to vote.

How to Vote

You have two choices when voting. You may vote in person at a polling place in your county or you may vote by mail. You do not have to vote in every contest on your ballot. Your vote will be counted for each contest you vote in. For more information about your voting rights, see page 79 of this guide.

Voting at the Polling Place on Election Day

When you arrive at your polling place, a poll worker will ask for your name and check the official list of registered voters for that polling place. After you sign next to your name on the list, the poll worker will give you a paper ballot, unique passcode, or computer memory card, depending on the voting system your county uses. Go to a private booth and start voting.

Poll workers are there to assist voters. If you are not familiar with how to mark a ballot, ask a poll worker for instructions. If you make a mistake in marking the ballot, ask a poll worker how to correct a mistake or ask for a new ballot and start over.

State and federal laws require polling places to be physically accessible to voters with disabilities. Every person who works in a polling place is trained in elections laws and voter rights, including the need to make reasonable modifications of policies and procedures to ensure equal access.

Voting by Mail

After you mark your choices on your vote-by-mail ballot, put it in the official envelope provided by your county elections office and seal it. Sign the outside of the envelope where directed. To ensure it arrives by the deadline, return your ballot either:

- By mail, as long as your ballot is received by your county elections office by 8:00 p.m. on Election Day. Since postmarks do not count, mail your ballot a few days before Election Day.
- In person, to your county elections office or any polling place in your county before 8:00 p.m. on Election Day.

Even if you receive your vote-by-mail ballot, you can change your mind and vote at your polling place on Election Day. Bring your vote-by-mail ballot to the polling place and give it to a poll worker to exchange for a polling place ballot. If you do not have your vote-by-mail ballot, you will be allowed to vote on a provisional ballot.

Voter Identification Laws

In most cases, California voters do not have to show identification before they vote. If you are voting for the first time after registering by mail and did not provide your California identification number, driver license number, or the last four digits of your social security number on your voter registration application, you may be asked to show one form of identification at your polling place.

Following are some of the acceptable types of identification according to state and federal laws. For the full list, contact your county elections office or read “Polling Place ID Requirements” at www.sos.ca.gov/elections/hava.htm.

- Driver license or state-issued identification
 - Passport
 - Employee identification
 - Military identification
 - Student identification
-

Special Arrangements for California’s Military and Overseas Voters

If you are a military and overseas voter, you can fax or mail your ballot to your county elections office. If you fax your ballot, you must also include a signed Oath of Voter form that waives your right to cast a confidential vote.

However you return your ballot, it must be received by the county elections office before the polls close at 8:00 p.m. (Pacific Standard Time) on Election Day. Postmarks do not count.

You can register to vote and complete a special absentee ballot application at www.fvap.gov.

For more information about being a military and overseas voter, go to www.sos.ca.gov/elections/elections_mov.htm.

Earn Money and Make a Difference . . . Serve as a Poll Worker on Election Day

In addition to gaining first-hand experience with the tools of our democracy and helping to safeguard ballots until they are delivered to elections officials, poll workers can earn money for their valuable service.

Contact your county elections office (see page 78 of this voter guide or go to www.sos.ca.gov/elections/elections_d.htm) or call (800) 345-8683 for more information about being a poll worker.

Quick-Reference Guide

On August 13, 2014, Proposition 43 was removed and Proposition 1 was added to the ballot by the State Legislature and Governor. Information on Proposition 1 will be provided in a Supplemental Voter Information Guide.

Prop 2 State Budget. Budget Stabilization Account. Legislative Constitutional Amendment.

Summary

Put on the Ballot by the Legislature

Requires annual transfer of state general fund revenues to budget stabilization account. Requires half the revenues be used to repay state debts. Limits use of remaining funds to emergencies or budget deficits. Fiscal Impact: Long-term state savings from faster payment of existing debts. Different levels of state budget reserves, depending on economy and decisions by elected officials. Smaller local reserves for some school districts.

What Your Vote Means

YES A YES vote on this measure means: Existing state debts likely would be paid faster. There would be new rules for state budget reserves. Local school district budget reserves would be capped in some years.

NO A NO vote on this measure means: Rules for payment of state debts, state budget reserves, and local school district reserves would not change.

Arguments

PRO Proposition 2 establishes a STRONG RAINY DAY FUND in the State Constitution that will force the Legislature and Governor to save money and pay down debts, which will shield TAXPAYERS from UNNECESSARY TAX INCREASES and PROTECT SCHOOLS from devastating cuts. BOTH Democrats and Republicans SUPPORT Proposition 2.

CON Vote NO on 2 to PROTECT SCHOOLS. Proposition 2 hides a DANGEROUS financial time bomb that will LIMIT districts' ability to save. Proposition 2 helps to keep California ranked 50th in the nation in per pupil spending. Don't trust Sacramento. Get facts from parents, not politicians at www.2BadForKids.org.

For Additional Information

For
Tom Willis
Yes on Proposition 2
2355 Broadway #407
Oakland, CA 94612
(510) 210-5001
Info@CaliforniaRainyDayFund.com
www.CaliforniaRainyDayFund.com

Against
Educate Our State
6114 La Salle Avenue, #441
Oakland, CA 94610
(510) 500-5147
2BadForKids@EducateOurState.org
www.2BadForKids.org

Quick-Reference Guide

Prop 45 Healthcare Insurance. Rate Changes. Initiative Statute.

Summary

Put on the Ballot by Petition Signatures

Requires Insurance Commissioner's approval before health insurer can change its rates or anything else affecting the charges associated with health insurance. Provides for public notice, disclosure, and hearing, and subsequent judicial review. Exempts employer large group health plans. Fiscal Impact: Increased state administrative costs to regulate health insurance, likely not exceeding the low millions of dollars annually in most years, funded from fees paid by health insurance companies.

What Your Vote Means

YES A YES vote on this measure means: Rates for individual and small group health insurance would need to be approved by the Insurance Commissioner before taking effect.

NO A NO vote on this measure means: State regulators would continue to have the authority to review, but not approve, rates for individual and small group health insurance.

Arguments

PRO Californians are being overcharged for health insurance. Prop. 45 will stop the price gouging by requiring health insurance companies to be transparent and publicly justify rates *before* premiums can increase. The same regulation of auto insurance has saved drivers billions. Sponsors: Consumer Watchdog, California Nurses Association. Opponents: health insurance companies.

CON Prop. 45 is a power grab by special interests to take control over health care benefits and rates from California's successful new independent commission—and give it to one Sacramento politician instead. Higher costs, more bureaucracy. Political interference with treatment options. Exempts big corporations. Nurses, doctors, consumers say vote No!

For Additional Information

For
Consumer Watchdog Campaign
2701 Ocean Park Blvd., Suite 112
Santa Monica, CA 90405
(310) 392-0522
yeson45@consumerwatchdog.org
www.yeson45.org

Against
No on 45—Californians
Against Higher Health Care
Costs
455 Capitol Mall, Suite 600
Sacramento, CA 95814
(866) 676-8156
Info@StopHigherCosts.org
www.StopHigherCosts.org

Prop 46 Drug and Alcohol Testing of Doctors. Medical Negligence Lawsuits. Initiative Statute.

Summary

Put on the Ballot by Petition Signatures

Requires drug testing of doctors. Requires review of statewide prescription database before prescribing controlled substances. Increases \$250,000 pain/suffering cap in medical negligence lawsuits for inflation. Fiscal Impact: State and local government costs from raising the cap on medical malpractice damages ranging from tens of millions to several hundred million dollars annually, offset to some extent by savings from requirements on health care providers.

What Your Vote Means

YES A YES vote on this measure means: The cap on medical malpractice damages for such things as pain and suffering would be increased from \$250,000 to \$1.1 million and adjusted annually for future inflation. Health care providers would be required to check a statewide prescription drug database before prescribing or dispensing certain drugs to a patient for the first time. Hospitals would be required to test certain physicians for alcohol and drugs.

NO A NO vote on this measure means: The cap on medical malpractice damages for such things as pain and suffering would remain at \$250,000 and not be subject to annual inflation adjustments. Health care providers would not be required to check a statewide prescription database before prescribing or dispensing drugs. Hospitals would not be required to test physicians for alcohol and drugs.

Arguments

PRO 46 saves lives. It prevents substance abuse by doctors and patients and holds negligent doctors accountable. Estimates show 18% of health professionals have an abuse problem in their lifetimes. Medical negligence is this country's third largest cause of death. Prescription drug overdoses are epidemic. A cure is overdue. Vote Yes.

CON Trial lawyers wrote Prop. 46 to make millions from medical malpractice lawsuits. We will pay, and could lose our trusted doctors—as many doctors and specialists are forced to leave California, moving to states with more affordable medical-liability insurance. Protect your wallet and access to healthcare. No on 46.

For Additional Information

For
Your Neighbors For Patient Safety
969 Colorado Boulevard, Suite 103
Los Angeles, CA 90041
(310) 395-2544
info@YesOn46.org
www.yeson46.org

Against
No on 46—Patients and
Providers to Protect Access
and Contain Health Costs
1510 J Street, Suite 120
Sacramento, CA 95814
(916) 706-1001
info@NoOn46.com
www.NoOn46.com

Quick-Reference Guide

Prop 47 Criminal Sentences. Misdemeanor Penalties. Initiative Statute.

Summary

Put on the Ballot by Petition Signatures

Requires misdemeanor sentence instead of felony for certain drug and property offenses. Inapplicable to persons with prior conviction for serious or violent crime and registered sex offenders. Fiscal Impact: State and county criminal justice savings potentially in the high hundreds of millions of dollars annually. State savings spent on school truancy and dropout prevention, mental health and substance abuse treatment, and victim services.

What Your Vote Means

YES A YES vote on this measure means: Criminal offenders who commit certain nonserious and nonviolent drug and property crimes would be sentenced to reduced penalties (such as shorter terms in jail). State savings resulting from the measure would be used to support school truancy and dropout prevention, victim services, mental health and drug abuse treatment, and other programs designed to keep offenders out of prison and jail.

NO A NO vote on this measure means: Penalties for offenders who commit certain nonserious and nonviolent drug and property crimes would not be reduced.

Arguments

PRO Changes low-level nonviolent crimes, such as simple drug possession and petty theft from felonies to misdemeanors. Authorizes felonies for registered sex offenders and anyone previously convicted of rape, murder or child molestation. Saves hundreds of millions of dollars every year and funds schools, crime victims, mental health and drug treatment.

CON Potentially releases 10,000 felons from state prison. Reduces penalties for stealing guns. Reduces penalties for possession of “date rape” drugs. Opposed by prosecutors, law enforcement, and the business community. Opposed by crime victims and sexual abuse victims. Vote NO on Proposition 47.

For Additional Information

For
Yes on 47
(510) 550-5486
campaign@safetyandschools.com
VoteYes47.com

Against
John Lovell
California Police Chiefs
Association
1127 11th Street, Ste. 523
Sacramento, CA 95814
(916) 447-3820
jlovell@johnlovell.com
www.californiapolicechiefs.org

Prop 48 Indian Gaming Compacts. Referendum.

Summary

Put on the Ballot by Petition Signatures

A “Yes” vote approves, and a “No” vote rejects, tribal gaming compacts between the state and the North Fork Rancheria of Mono Indians and the Wiyot Tribe. Fiscal Impact: One-time payments (\$16 million to \$35 million) and for 20 years annual payments (\$10 million) from Indian tribes to state and local governments to address costs related to the operation of a new casino.

What Your Vote Means

YES A YES vote on this measure means: The state’s compacts with the North Fork Rancheria of Mono Indians and the Wiyot Tribe would go into effect. As a result, North Fork would be able to construct and operate a new casino in Madera County and would be required to make various payments to state and local governments, Wiyot, and other tribes.

NO A NO vote on this measure means: The state’s compacts with North Fork and Wiyot would not go into effect. As a result, neither tribe could begin gaming unless new compacts were approved by the state and federal governments.

Arguments

PRO Supported by GOVERNOR JERRY BROWN, a YES vote on 48 will create THOUSANDS OF JOBS, generate ECONOMIC OPPORTUNITIES in one of the state’s poorest regions, retain LOCAL CONTROL of a strongly-supported project, provide REVENUE TO STATE and LOCAL GOVERNMENTS, promote tribal self-sufficiency, and avoid development in environmentally sensitive regions.

CON *Opens floodgate for off-reservation gaming. Bad deal for California.* Breaks promise that Indian casinos would be on original tribal land. Authorizes massive off-reservation casino bringing more crime and pollution to Central Valley. No new money to the state general fund or schools. Vote NO on Prop. 48.

For Additional Information

For
Gary Gilbert, Former
Chairman, Madera County
Board of Supervisors
Vote Yes 48 Campaign
P.O. Box 155
Oakhurst, CA 93644
(559) 877-2740
VoteYes48@gmail.com
www.VoteYes48.com

Against
No on Prop. 48—Keep
Vegas-Style Casinos Out of
Neighborhoods
www.stopreservationsshopping.com

Quick-Reference Guide

On August 11, 2014, Proposition 49 was removed from the ballot by order of the California Supreme Court.

Supplemental Voter Information Guide

The deadline for ballot measures to qualify for this election was June 26, 2014. State law required this voter guide to be printed in August 2014. The Legislature and the Governor added a measure to the November ballot. The Secretary of State will prepare and mail a Supplemental Voter Information Guide to you. The Secretary of State will also post updated information at www.voterguide.sos.ca.gov.

Visit the Secretary of State's Website to:

- Research campaign contributions and lobbying activity
<http://cal-access.sos.ca.gov>
- View this voter guide in other languages
www.voterguide.sos.ca.gov
- Find your polling place on Election Day
www.sos.ca.gov/elections/find-polling-place.htm
- Get vote-by-mail ballot information
www.sos.ca.gov/elections/elections_m.htm
- Read helpful information for first-time voters
www.sos.ca.gov/elections/new-voter
- Watch live election results after polls close on Election Day
<http://vote.sos.ca.gov>

Elections in California

California law requires that all candidates for a voter-nominated office be listed on the same ballot. Voter-nominated offices are state legislative offices, U.S. congressional offices, and state constitutional offices.

In both the open primary and general elections, you can vote for any candidate, regardless of what party preference you indicated on your voter registration form. In the primary election, the two candidates receiving the most votes—regardless of party preference—move on to the general election regardless of vote totals. If a candidate receives a majority of the vote (50 percent + 1), a general election still must be held. Even if there are only two candidates for an office in the open primary, a general election for that office is still required.

California's open primary system does not apply to candidates running for U.S. President, county central committee, or local offices.

California law requires the following information to be printed in this notice.

Voter-Nominated Offices

Political parties are not entitled to formally nominate candidates for voter-nominated offices at the primary election. A candidate nominated for a voter-nominated office at the primary election is the nominee of the people and not the official nominee of any party at the general election. A candidate for nomination to a voter-nominated office shall have his or her party preference, or lack of party preference, stated on the ballot, but the party preference designation is selected solely by the candidate and is shown for the information of the voters only. It does not mean the candidate is nominated or endorsed by the party designated, or that there is an affiliation between the party and candidate, and no candidate nominated by the voters shall be deemed to be the officially nominated candidate of any political party. In the county sample ballot booklet, parties may list the candidates for voter-nominated offices who have received the party's official endorsement.

Any voter may vote for any candidate for a voter-nominated office, if they meet the other qualifications required to vote for that office. The top two vote-getters at the primary election move on to the general election for the voter-nominated office even if both candidates have specified the same party preference designation. No party is entitled to have a candidate with its party preference designation move on to the general election, unless the candidate is one of the two highest vote-getters at the primary election.

Nonpartisan Offices

Political parties are not entitled to nominate candidates for nonpartisan offices at the primary election, and a candidate at the primary election is not the official nominee of any party for the specific office at the general election. A candidate for nomination to a nonpartisan office may not designate his or her party preference, or lack of party preference, on the ballot. The top two vote-getters at the primary election move on to the general election for the nonpartisan office.

*On August 13, 2014, Proposition 43 was removed
and Proposition 1 was added to the ballot
by the State Legislature and Governor.
Information on Proposition 1 will be provided
in a Supplemental Voter Information Guide.*

State Budget. Budget Stabilization Account. Legislative Constitutional Amendment.

2

- Requires annual transfer of 1.5% of general fund revenues to state budget stabilization account.
- Requires additional transfer of personal capital gains tax revenues exceeding 8% of general fund revenues to budget stabilization account and, under certain conditions, a dedicated K–14 school reserve fund.
- Requires that half the budget stabilization account revenues be used to repay state debts and unfunded liabilities.
- Allows limited use of funds in case of emergency or if there is a state budget deficit.
- Caps budget stabilization account at 10% of general fund revenues, directs remainder to infrastructure.

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

- Some existing state debts would be paid down faster, resulting in long-term savings for the state.
- Changes in the level of state budget reserves, which would depend on the economy and future decisions by the Governor and the Legislature.
- Reserves kept by some school districts would be smaller.

**Final Votes Cast by the Legislature on ACAx2 1 (Proposition 2)
(Res. Ch. 1, Stats. of 2013–14, 2nd Ex. Sess.)**

Senate:	Ayes 36	Noes 0
Assembly:	Ayes 78	Noes 0

Analysis by the Legislative Analyst

Overview

Proposition 2 amends the State Constitution to end the existing rules for a state budget reserve—the Budget Stabilization Account (BSA)—and replace them with new rules. The new rules would change how the state pays down debt and saves money in reserves. In addition, if Proposition 2 passes, a new state law would go into effect that sets the maximum budget reserves school districts can keep at the local level in some future years. Finally, the proposition places in the Constitution an existing requirement for the Governor’s budget staff to estimate future state General Fund revenues and spending. Figure 1 summarizes key changes that would occur if voters approve Proposition 2.

Background

State Budget and Reserves

State Budget. This year, the state plans to spend almost \$110 billion from its main account, the General

Fund. About half of this spending is for education—principally for schools and community colleges but also for public universities. Most of the rest is for health, social services, and criminal justice programs.

Economy Affects State Budget. Figure 2 shows state revenues from the personal income tax—the state’s biggest revenue source. As shown in the figure, when the economy is bad, these tax revenues go down. When the economy improves, these tax revenues go up. Because tax revenues and reserves determine how much the state can spend, the Legislature often must take actions in bad economic years to balance the budget. These actions include spending cuts and tax increases.

“Rainy-Day” Reserves. Governments use budget reserves to save money when the economy is doing well. This means that money is saved instead of being spent on public programs during these periods of time. When the economy gets worse and their revenues decline, governments use money that they saved to reduce the amount of spending cuts, tax increases, and other actions

Analysis by the Legislative Analyst

Continued

needed to balance their budgets. In other words, if a government saves more in reserves when the economy is doing well, it spends less during that time and has more money to spend when the economy is doing poorly.

Proposition 58 of 2004. The state has had budget reserve accounts for many years. In 2004, voters passed Proposition 58 to create a new reserve, the BSA. Currently, Proposition 58 requires the Governor each year to decide whether to let 3 percent of General Fund

revenues go into the BSA reserve. Right now, 3 percent of General Fund revenues equals a little over \$3 billion. Under Proposition 58, this 3 percent is the “basic” amount to be put in the BSA each year. In any year, the Governor can choose to reduce the basic amount and put less or nothing at all into the BSA. Under Proposition 58, these amounts continue to go into the BSA each year until the balance reaches a target maximum, which currently equals \$8 billion. (Therefore,

2

Figure 1

Summary of Key Changes That Would Occur If Proposition 2 Passes

State Debts

- Requires state to spend minimum amount each year to pay down specified debts.^a

State Reserves

- Changes amount that goes into a state budget reserve account (known as the Budget Stabilization Account, or BSA).^a
- Increases maximum size of the BSA.
- Changes rules for when state can put less money into the BSA.
- Changes rules for taking money out of the BSA.

School Reserves

- Creates state reserve for schools and community colleges.
- Sets maximum reserves that school districts can keep at the local level in some future years.^b

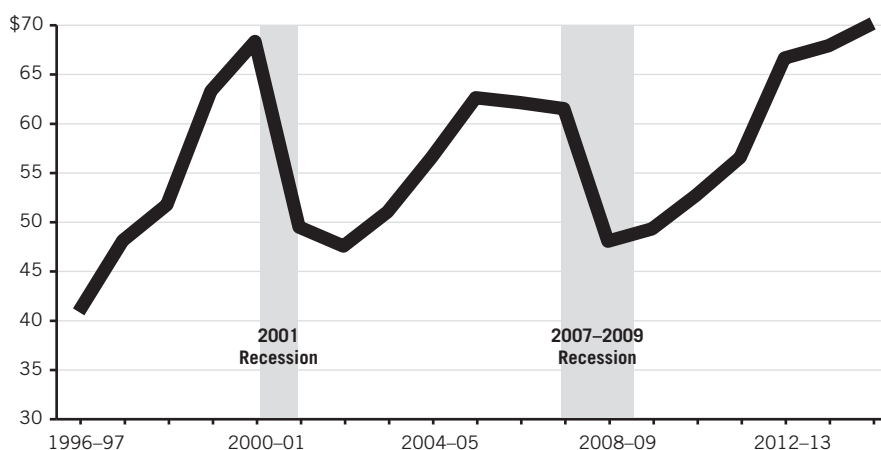
^a After 15 years, debt spending under Proposition 2 becomes optional. Amounts that otherwise would have been spent on specified debts would instead be put into the BSA.

^b This change would result from a related state law that takes effect if Proposition 2 passes.

Figure 2

Personal Income Tax Revenues Dip When Economy Is Bad

General Fund (In Billions)



Note: Adjusted for inflation. Reflects estimates in state's 2014-15 budget plan.

Analysis by the Legislative Analyst

Continued

it would take three years of the basic amount going into the account for the BSA to reach its maximum level.)

2 The state can take money out of the BSA with a majority vote of the Legislature. Right now, there is no limit on how much the state can take out of the BSA in a single year.

Effects of Recession on State Budget Reserves. The worst economic downturn since the 1930s began in 2007, resulting in a severe recession. For several years, the state had large budget problems and took many actions to balance the budget. Because of these budget problems, California's governors decided not to put money into the BSA. California had no state budget reserves at all for several years. This year, for the first time since the recession, the Governor decided to put money into the BSA.

Capital Gains Taxes. As part of its personal income tax, the state taxes "capital gains." Capital gains are profits earned when people sell stocks and other types of property. Figure 3 shows personal income tax revenues that the state has collected on capital gains. Because stock prices and property values can change a lot from year to year, these capital gains tax revenues vary significantly.

School Reserves

State Spending on Schools and Community Colleges. Earlier propositions passed by voters generally require the

state to provide a minimum annual amount for schools and community colleges. This amount tends to grow with the economy and the number of students. In most cases, the money that schools and community colleges get from the state makes up a large share of their overall revenues. This means that decisions made by the state can have a big effect on them. The state does not have a reserve specifically for schools and community colleges.

Local School District Reserves. State law requires school districts to keep minimum reserves, though many districts keep reserves that are much bigger than these minimum levels. For most school districts, the minimum reserve ranges from 1 percent to 5 percent of their annual budget, depending on their size. School districts save money in reserves for several reasons, such as paying for large occasional expenses (like replacing textbooks) and addressing the uncertainty in future state funding.

State Debts

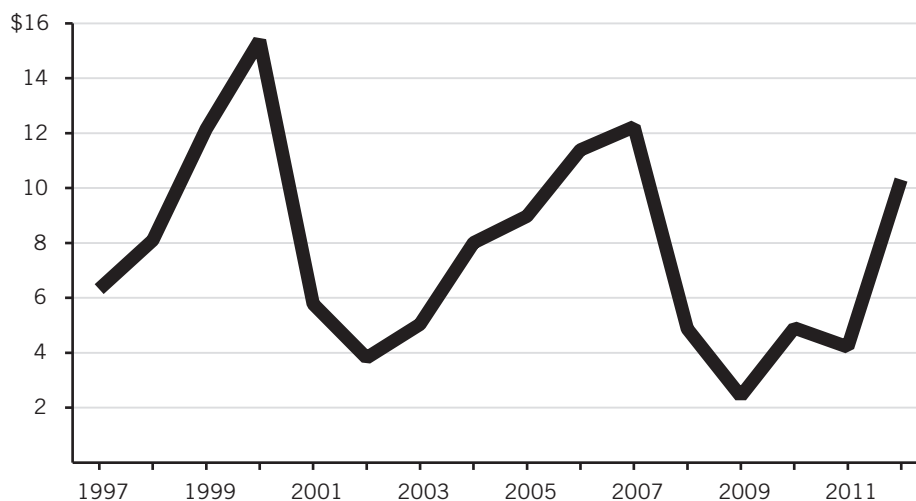
The state's debts total around \$300 billion. This amount includes debt for infrastructure—such as highways, school buildings, and flood and water supply projects. It also includes the following debts:

- **Pension and Retiree Health Benefits.** Based on official estimates, the state owes around \$150 billion for pension and retiree health care benefits already earned by public employees. The

Figure 3

Capital Gains Tax Revenues Change a Lot From Year to Year

General Fund (In Billions)



Note: Adjusted for inflation.

state already spends several billion dollars per year to pay these costs, which have to be paid off in full over the next several decades. The costs to pay for these benefits generally will get bigger the longer the state waits to make the payments.

- ***Debts to Local Governments and Other State Accounts.*** The state also owes several billion dollars to local governments (such as school districts, counties, and cities) and other state accounts.

Proposal

Proposition 2 amends the State Constitution to change state debt and reserve practices. Figure 4 compares today's laws with the key changes that would be made if Proposition 2 passes.

State Debts

Requires Spending to Pay Down Existing State Debts. Proposition 2 requires the state to spend a minimum amount each year to pay down (1) debts for pension and retiree health benefits and (2) specified debts to local governments and other state accounts. (The funds spent on pension and retiree health costs must be in addition to payments already required under law.) Specifically, for the next 15 years, the proposition would require the state to spend at least 0.75 percent of General Fund revenues each year to pay down these debts. Right now, 0.75 percent of revenues is equal to about \$800 million—an amount that would grow over time.

In addition, when state tax revenues from capital gains are higher than average, Proposition 2 would require the state to spend some of these higher-than-average revenues on these state debts. Between 2001–02 and 2013–14, capital gains tax revenues were above this average roughly half of the time. The total amount that the state would spend on debts in any year could vary significantly. For instance, in years with weaker capital gains tax revenues, the state would spend \$800 million to pay down debts under this proposition. In years with stronger capital gains tax revenues, the total amount could be up to \$2 billion or more.

These debt payments would become optional after 15 years. If the Legislature chooses not to spend these amounts on debts after 15 years, Proposition 2 requires that they instead go into the state's BSA, as described below.

State Reserves

Changes Basic Amount That Goes Into the BSA.

Each year for the next 15 years, the basic amount going into the BSA would be the same as the amount the state must spend to pay down debt, as described above. Specifically, the basic amount would range from about \$800 million (in today's dollars) when revenues from capital gains tax revenues are weaker and up to \$2 billion or more when revenues from capital gains tax revenues are stronger. (It can take a couple of years after the state passes its annual budget to get good information about that budget's actual level of capital gains tax revenues. Under Proposition 2, the state would have to make sure that BSA deposits reflect the most updated information on capital gains.)

Basic Amount Could Be Reduced in Some Situations. Proposition 2 changes the rules that allow the state to put less than the basic amount into the BSA. Specifically, the state could put less than the basic amount into the BSA only if the Governor calls a "budget emergency." The Legislature would have to agree to put less money into the BSA. The Governor could call a budget emergency only if:

- A natural disaster occurs, such as a flood or an earthquake.
- There is not enough money available to keep General Fund spending at the highest level of the past three years (adjusted for changes in the state population and the cost of living).

Changes Rules for Taking Money Out of the BSA.

The state still could take money out of the BSA with a majority vote of the Legislature, but this could happen only when the Governor calls a budget emergency as described above. Proposition 2 also limits how much the state could take out of the BSA. Specifically, the state could take out only the amount needed for the natural disaster or to keep spending at the highest level of the past three years—adjusted for population and cost of living. In addition, if there was no budget emergency the year before, the state could take out no more than half of the money in the BSA. All of the money could be taken out of the BSA in the second straight year of a budget emergency.

Increases Maximum Size of BSA. The state would put money into the BSA until the total reaches a maximum amount of about 10 percent of General Fund revenues—which now equals about \$11 billion. Once the money in the BSA reaches the maximum amount, money that

Figure 4

Comparison of Today's Laws and Key Changes if Proposition 2 Passes

Today's Laws		Changes Made if Proposition 2 Passes
State Debts		
Required extra spending on existing state debts each year ^a	None. ^b	A minimum of \$800 million. Up to \$2 billion or more when capital gains tax revenues are strong. ^c
State Reserves		
Basic amount that goes into the Budget Stabilization Account (BSA) each year	A little over \$3 billion.	A minimum of \$800 million. Up to \$2 billion or more when capital gains tax revenues are strong. ^c
When can state put less than the basic amount into the BSA?	Any time the Governor chooses.	Only when the Governor calls a "budget emergency" and the Legislature agrees. ^d
How much can state take out of the BSA?	Any amount available.	Up to the amount needed for the budget emergency. Cannot be more than half of the money in the BSA if there was no budget emergency in the prior year.
Maximum size of the BSA	\$8 billion or 5 percent of General Fund revenues, whichever is greater (currently \$8 billion).	About 10 percent of General Fund revenues (currently about \$11 billion).
School Reserves		
State reserve for schools and community colleges	None.	Money would go into a new state reserve for schools and community colleges in some years when capital gains revenues are strong.
Limit on maximum size of school district reserves	None.	Sets maximum reserves that school districts can keep at the local level in some years.
^a The term "state debts" includes debts for pension and retiree health benefits and specified debts owed to local governments and other state accounts. ^b Proposition 58 (2004) requires that half of the money put into the BSA be used to pay down certain state bonds faster. This year's budget is expected to pay off the rest of those bonds, meaning this requirement will no longer apply beginning with next year's budget. ^c After 15 years, debt spending under Proposition 2 becomes optional. Amounts that would otherwise be spent on debts after 15 years instead would be put into the BSA. ^d Governor could call a budget emergency for a natural disaster or to keep spending at the highest level of the past three years—adjusted for population and cost of living. Note: Dollar amounts listed are in today's dollars.		

otherwise would go into the BSA would instead be used to build and maintain infrastructure.

School Reserves

Creates State Reserve for Schools. When state tax revenues from capital gains are higher than average and certain other conditions are met, some capital gains revenues would go into a new state reserve for schools created by Proposition 2. Before money would go into

this reserve, the state would have to make sure that the amount spent on schools and community colleges grows along with the number of students and the cost of living. The state could spend money out of this reserve to lessen the impact of difficult budgetary situations on schools and community colleges. Though Proposition 2 changes *when* the state would spend money on schools and community colleges, it does not directly change the *total*

Analysis by the Legislative Analyst

Continued

amount of state spending for schools and community colleges over the long run.

New Law Sets Maximum for School District Reserves. If this proposition passes, a new state law would go into effect that sets a maximum amount of reserves that school districts could keep at the local level. (This would not affect community colleges.) For most school districts, the maximum amount of local reserves under this new law would be between 3 percent and 10 percent of their annual budget, depending on their size. This new law would apply only in a year after money is put into the state reserve for schools described above. (The minimum school district reserve requirements that exist under today's law would still apply. Therefore, district reserves would have to be between the minimum and the maximum in these years.) County education officials could exempt school districts from these limits in special situations, including when districts face "extraordinary fiscal circumstances." Unlike the constitutional changes that would go into effect if Proposition 2 passes, this new law on local school district reserves could be changed in the future by the Legislature (without a vote of the people).

Fiscal Effects

Proposition 2's fiscal effects would depend on several factors. These include choices that the Legislature, Governor, school districts, and county education officials would make in implementing the proposition. Many of the fiscal effects of the measure would also depend on what the economy and capital gains are like in the future.

State Debts

Faster Pay Down of Existing State Debts Likely. Under Proposition 2, the state likely would make extra payments to pay down existing debts somewhat faster. This means that there would be less money for other things in the state budget—including money for public programs, infrastructure, and lowering taxes—during at least the next 15 years. Paying down existing debts faster would lower the total cost of these debts over the long term. This means that the state could spend less on its debts in future decades, freeing up money for other things in the state budget over the long term.

State Reserves

Effect of New BSA Rules on State Budget. Whether Proposition 2 would cause state budget reserves to be higher or lower over the long run would depend on (1) the economy and capital gains tax revenues and (2) decisions made by the Legislature and the Governor

in implementing the measure. In some situations, for example, Proposition 2 could make it harder to take money out of the state's reserves, and this could lead to the reserves being larger over time. In other situations, this proposition could allow the state to put less in the BSA than the 3 percent basic amount specified in today's law. If Proposition 2 results in more money being put in the BSA in the future, it could lessen some of the "ups and downs" of state spending that occurred in the past.

School Reserves

Effects of State Reserve for Schools. As described earlier, certain conditions would have to be met before money would go into the state reserve for schools. Because of these conditions, money would be unlikely to go into the state reserve for schools in the next few years. In the future, money would go into this reserve only occasionally—likely in years when the economy is very good. State spending on schools and community colleges would be lower in the years when money goes into the state school reserve and higher in later years when money is taken out of this reserve.

Effects on School District Reserves and Spending. As discussed above, money likely would not go into the state reserve for schools in the next few years. Once money does go into this reserve, a new state law then would set a maximum amount of reserves that school districts could keep at the local level. In the past, most school districts have kept reserve levels much higher than these maximum levels.

If Proposition 2 passes, school districts would respond to this new law in different ways. Some districts likely would spend more on teacher pay, books, and other costs in the few years after the proposition passes in order to bring their reserves closer to the future maximum levels. Other districts might wait until after money goes into the state reserve for schools and then either (1) spend large amounts all at once to bring their reserves down to the maximum levels or (2) seek exemptions from county education officials to keep their reserves above the maximum levels.

As a result of the new state law, some districts likely would have smaller reserves the next time the economy is bad. Those districts might have to make more difficult decisions to balance their budgets at that time. If money is available in the state reserve for schools, it could help districts avoid some of these difficult decisions.

Visit <http://cal-access.sos.ca.gov> for details about money contributed in this contest.

★ Argument in Favor of Proposition 2 ★

2 *VOTE YES ON PROPOSITION 2 TO CREATE A RAINY DAY FUND THAT PROTECTS TAXPAYERS AND SCHOOLS.*

Proposition 2 establishes a STRONG RAINY DAY FUND in the State Constitution that will force the Legislature and the Governor to save money when times are good, PAY DOWN DEBTS and PROTECT SCHOOLS from devastating cuts. Both Democrats and Republicans support Proposition 2.

By forcing the state to save money, Proposition 2 WILL REQUIRE POLITICIANS TO LIVE WITHIN THEIR MEANS AND PROTECT AGAINST UNNECESSARY TAX INCREASES. In good times, money will be placed in a constitutionally-protected reserve and used to pay down debt. In bad times, the Rainy Day Fund can be used to protect schools, public safety and other vital services.

California needs Proposition 2 because it prevents the state from spending more than it can afford. Only three years ago, California faced a \$26 billion budget deficit that required the Legislature to make painful cuts and voters to approve temporary tax increases. PROPOSITION 2 WILL MAKE SURE THAT WE DON'T REPEAT THIS CYCLE OF BOOM AND BUST BUDGETING.

VOTING YES ON PROPOSITION 2 WILL:

- Stabilize the state's budget by ensuring temporary revenues are set aside and not committed to ongoing spending we can't afford.

- Accelerate the state's debt payments.
- Create an education reserve to avoid future cuts to schools.

CREDIT RATING AGENCIES AND NEWSPAPERS SUPPORT A STRONG RAINY DAY FUND.

SAN FRANCISCO CHRONICLE: The Rainy Day Fund is the "prudent course."

STANDARD AND POOR'S: The Rainy Day Fund marks "another step in California's ongoing journey toward a more sustainable fiscal structure."

LOS ANGELES TIMES: The Rainy Day Fund "does more to promote a culture of savings in Sacramento."

MOODY'S: The Rainy Day Fund helps the state "cushion its finances from economic downturns."

FRESNO BEE: The Rainy Day Fund will "protect taxpayers against catastrophic budget deficits."

SACRAMENTO BEE: The Rainy Day Fund is "an important step toward fiscal discipline."

VOTE YES ON PROPOSITION 2 AND PROTECT CALIFORNIA'S BALANCED BUDGET!

www.CaliforniaRainyDayFund.com

John A. Pérez, Assembly Speaker Emeritus

Edmund G. Brown Jr., Governor

Allan Zaremberg, President

California Chamber of Commerce

★ Rebuttal to Argument in Favor of Proposition 2 ★

SAVE OUR SCHOOLS!

Vote NO on 2 to PROTECT SCHOOLS AND TAXPAYERS. Democrats and Republicans oppose Proposition 2. Parents, grandparents and students oppose Proposition 2.

Why? A DANGEROUS financial time bomb that hurts schools was inserted into last-minute budget negotiations. What does it do? After even a penny goes into Prop. 2's "school rainy day fund," local school districts will only be allowed to save for—at most—a few weeks of expenses.

Why does it matter if Sacramento determines what districts can save? For the last seven years, Sacramento has delayed billions in payments to schools until after the end of each school year—funds needed to pay teachers, staff, and suppliers. Without locally-controlled reserves, districts would have faced higher borrowing costs and deeper cuts. Depending on Sacramento is a losing proposition for schools.

Get the facts from parents, not politicians, at www.2BadForKids.org.

Standard and Poor's reacted with "neutral to negative credit implications" for California schools if this passes (7/7/2014). Everyone supports a genuine rainy day fund—but ask newspapers and credit agencies if they support the SHELL GAME that Proposition 2 has become.

Sacramento does not have a track record of prioritizing public education, despite the rhetoric.

California is ranked 50th in the U.S. in per pupil spending (*Education Week*, January 2014).

Local communities, NOT Sacramento, know what is best for our children. Be heard. A NO vote on 2 is a vote FOR kids, schools and common sense.

VOTE NO ON 2!

Cushon Bell, Secretary

Educate Our State

Cinnamon O'Neill, Chapter Director

Educate Our State

Kilty Belt-Vahle, Parent Volunteer

Educate Our State

★ Argument Against Proposition 2 ★

2

Why does a so-called Rainy Day Fund get to soak California schoolchildren?

Parents and taxpayers often ask why California is one of the bottom ten states in school funding year after year—yet our tax rates are among the highest in the nation. Proposition 2 is a perfect example of how we keep “protecting” schoolchildren by putting them last.

Californians enacted Proposition 98 twenty-five years ago as a MINIMUM school-funding guarantee. This “guarantee” was an excuse in 2004 for state politicians to begin grabbing \$5+ billion a year of stable, reliable, local school-allocated property taxes to fund their own deficits and poor financial decisions. The State took the funds, promising that Proposition 98 would pay them back.

Unsurprisingly, this constitutional guarantee to California schoolchildren has not been steadfastly met. In recent bad years, California schools have had to suffer up to \$10 billion in deferred payments of their basic funding—forcing them to borrow, dip into their own local reserves, and cut programs.

And now, under Proposition 2, California schools are supposed to wait in good years as well? What does the “Local Control Funding Formula” mean if we don’t trust local school boards with even their minimum constitutionally guaranteed revenues?

Meanwhile, the small print allows the State Controller to utilize these withheld educational funds to help manage General Fund daily cash flow needs and allows the Legislature, by declaring a budget emergency, to move this money into the General Fund.

But wait, there’s more!

In the waning hours of this year’s budget negotiations, a requirement was added to force school districts to reduce their local reserves whenever *anything* is paid into Proposition 2’s “Public School System Stabilization Account.” In the following year, school districts are allowed only twice the bare minimum of reserves. For most districts, this means forcing them to hold just 6% of annual operating expenses in reserve—just three weeks spending!

For districts across California, local reserves have been all that’s protected children from State-inflicted borrowing costs or program cuts. (The State hasn’t paid schools on time in the past *seven* years! Up to 20% of the money it owed schools was paid after the end of the school year in June 2012.) Built up over decades, these reserves would have to be dumped just because one good capital-gains year moved educational funds away from funding schools and into the State-controlled stabilization account.

Please join us—a bipartisan statewide grassroots volunteer non-profit parent-led organization uniting tens of thousands of Californians committed to improving public education—and say NO to politicians who keep pushing kids to the back of the bus. Visit www.2BadForKids.org and vote NO on 2!

Katherine Welch, Director
Educate Our State

Hope Salzer, Chapter Director
Educate Our State

Jennifer Bestor, Research Director
Educate Our State

★ Rebuttal to Argument Against Proposition 2 ★

Proposition 2 opponents have it wrong; it’s precisely that kind of thinking that led to a \$26 billion budget deficit and devastating cuts to our schools.

The current state budget is the best in years for schools—providing more than \$10 billion in new funding. Proposition 2 PROTECTS SCHOOLS by stabilizing the state budget and preventing future cuts to our classrooms. Without a strong Rainy Day Fund and continued fiscal restraint, the state will face future deficits and could be forced to cut funding for schools, public safety and other critical services. That is why every Democrat and Republican in the Legislature voted to support Proposition 2.

Proposition 2 makes no changes to the funding level required by Proposition 98. In fact, this year’s budget funds

schools under Proposition 98 at the highest level ever, \$60.9 billion. That is \$1,954 more for each student than just three years ago when California faced huge budget deficits. By putting some money away during good times, California can STOP FUTURE CUTS TO SCHOOL FUNDING AND STOP UNNECESSARY TAX INCREASES.

VOTE YES ON PROPOSITION 2 AND PROTECT SCHOOLS AND CALIFORNIA’S BALANCED BUDGET!

Dr. Michael Kirst, President
California State Board of Education

Proposition **Healthcare Insurance. Rate Changes. Initiative Statute.**

45

Official Title and Summary

Prepared by the Attorney General

Healthcare Insurance. Rate Changes. Initiative Statute.

- Requires changes to health insurance rates, or anything else affecting the charges associated with health insurance, to be approved by Insurance Commissioner before taking effect.
- Provides for public notice, disclosure, and hearing on health insurance rate changes, and subsequent judicial review.
- Requires sworn statement by health insurer as to accuracy of information submitted to Insurance Commissioner to justify rate changes.
- Does not apply to employer large group health plans.
- Prohibits health, auto, and homeowners insurers from determining policy eligibility or rates based on lack of prior coverage or credit history.

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

- Increased state administrative costs to regulate health insurance, likely not exceeding the low millions of dollars annually in most years, funded from fees paid by health insurance companies.

Analysis by the Legislative Analyst

Background

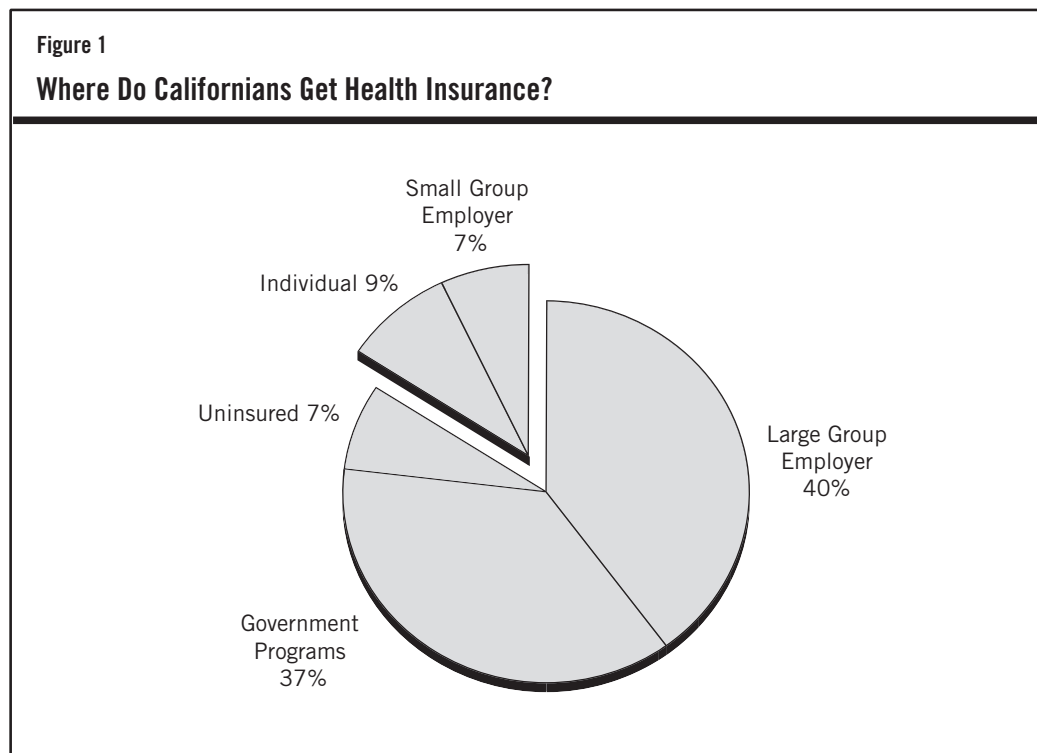
This measure requires the Insurance Commissioner (the Commissioner) to approve rates for certain types of health insurance. The rate approval process would be similar to a process that is currently used for other types of insurance, such as automobile and homeowner's insurance. Below, we provide background information on health insurance in California and automobile and homeowner's insurance rate regulation.

Health Insurance in California

Sources of Health Insurance. As shown in Figure 1, Californians obtain health insurance in many different ways. Some individuals and families obtain it from government programs, such as Medicare or Medicaid (known as Medi-Cal in California). Other individuals and families obtain job-based health insurance from their employers. Job-based coverage provided by companies with more than 50 employees is known as large group coverage. Coverage provided by companies with 50 or fewer employees is known as small group coverage. Still other individuals and families purchase health insurance directly from a health

insurance company (also known as individual health insurance). This measure mainly applies to individual and small group health insurance—which covers roughly 6 million Californians, or 16 percent of the population.

Two State Departments Oversee Health Insurance in California. Most health insurance products sold in California must be approved by state regulators to ensure they meet state requirements. For example, health insurance companies must provide basic benefits to enrollees—such as physician visits, hospitalizations, and prescription drugs—and have an adequate number of physicians available to provide care in a timely manner. These requirements are generally enforced by either the Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI). The DMHC is run by a Governor-appointed director and it regulates some types of health insurance. The CDI is run by the elected Commissioner, and it regulates other types of health insurance. Most insured Californians have health insurance that is regulated by DMHC. The regulation of California's individual or small group



health insurance is somewhat more evenly split between DMHC and CDI. The costs of each department's activities are generally funded through fees on the regulated insurance companies. Some other types of health insurance, such as the federal Medicare program, are generally not subject to state requirements and therefore not regulated by either department.

Review, but Not Approval, of Health Insurance Rates. As of 2011, health insurance companies must file information on proposed rates for all individual and small group health insurance with either DMHC or CDI before those rates can go into effect. (Insurance companies are not required to file large group rate information.) Both DMHC and CDI review the rate information and say whether the rate increases are reasonable or not. When evaluating the reasonableness of health insurance rates, DMHC and CDI may consider a variety of factors, such as: (1) which medical benefits are covered, (2) what portion of the costs enrollees pay through copayments and deductibles, and (3) whether a company's

administrative costs are reasonable. The departments are also required to make certain information from these reviews available to the public on their websites. However, DMHC and CDI currently have no authority to reject or approve the rates before they take effect.

Federal Health Care Reform Creates Health Benefit Exchanges. The federal Patient Protection and Affordable Care Act enacted in 2010, also referred to as federal health care reform, created marketplaces called health benefit exchanges. Insurance companies may sell health insurance products to individuals and small businesses on these exchanges. Certain low- to moderate-income individuals and families may receive federal subsidies to make their health insurance more affordable. These federal subsidies are not available for insurance purchased outside the exchange. California's exchange—operational since October 2013—is known as Covered California, and it is governed by a five-member board (the Board) composed of individuals appointed by the Governor and the Legislature. Covered California

is currently funded by federal funds and fees assessed on participating health insurance companies.

45

Covered California Board Negotiates With Health Insurers. Under state law, the Board has the authority to approve which health insurance products are sold through Covered California, subject to state and federal requirements. Thus, the Board negotiates certain plan characteristics—such as rates—with health insurance companies seeking to sell products through Covered California.

Individual Market Health Insurance Sold During “Open Enrollment.” Generally, persons may enroll in individual market health insurance only during certain months, or open enrollment periods. Open enrollment generally begins in the fall and lasts a few months.

Automobile and Homeowner’s Insurance Rate Regulation

Automobile and Homeowner’s Insurance Rates Subject to Rate Approval Process. In 1988, California voters approved Proposition 103, which requires that rates for certain types of insurance—including automobile and homeowner’s insurance—not be excessive, inadequate, or unfairly discriminatory. (Health insurance is not currently subject to Proposition 103 requirements.) Proposition 103 requires the Commissioner to review and approve proposed rates before such rates take effect. The Commissioner may hold a public hearing on any proposed rate. In addition, a consumer or a consumer representative can challenge a proposed rate and request a public hearing. The Commissioner is required to grant a request for a public hearing when proposed rate changes exceed certain percentages. The Commissioner has the final authority to approve or reject proposed rates. The Commissioner’s rate decision can be appealed to the courts by consumers, consumer representatives, or insurance companies.

Proposal

Individual and Small Group Health Insurance Rates Must Be Approved by the Commissioner.

The measure makes current and future individual and small group health insurance rates—including rates for health insurance that is regulated by CDI or DMHC—subject to the rate approval process established under Proposition 103. The measure also states that rates proposed after November 6, 2012 must be approved by the Commissioner, and payments based on rates in effect on November 6, 2012 are subject to refund. There is some legal uncertainty about whether the Commissioner could require health insurance companies to issue refunds for health insurance no longer in effect.

The measure also broadly defines “rates” in a way that includes other factors beyond premiums, such as benefits, copayments, and deductibles. While there is some uncertainty regarding how this provision would be interpreted, it likely would not give the Commissioner any new authority to approve characteristics of health insurance products beyond premiums, such as the types of benefits covered.

Existing DMHC Regulatory Authority Would Remain in Place. Under the measure, DMHC would continue to regulate certain types of health insurance and have the authority to *review* certain health insurance rates. However, the Commissioner would have the sole authority to *approve* the rates.

Insurance Filing Fees Collected to Pay for State Administrative Costs. Any additional administrative costs to CDI resulting from the measure would be financed by increased fees paid by health insurance companies.

Prohibition on Consideration of Credit History and Prior Insurance Coverage. The measure also prohibits the use of an individual’s credit history or the absence of prior insurance coverage for determining rates or eligibility for health, automobile, or homeowner’s insurance.

Current law already generally prohibits the use of such factors when determining rates or eligibility for health insurance. Current law allows some use of credit history or prior insurance coverage when determining rates or eligibility for automobile and homeowner's insurance. However, in practice, insurance companies generally have not used such factors.

Fiscal Effects

The most significant fiscal effects of this measure on state and local governments, described in detail below, are on state administrative costs. The net additional state administrative costs from this measure would likely **not exceed the low millions of dollars annually, but could be higher in some years**. These costs would be funded from additional fee revenues collected from health insurance companies.

Increased State Administrative Costs for CDI. This measure would result in additional costs for CDI, including costs to review and approve health insurance rates and conduct public hearings on proposed rates. These ongoing costs would likely not exceed the low millions of dollars annually. The amount of additional costs would depend on several factors, including how often CDI or consumer representatives challenge proposed rates. The costs could be somewhat higher in the initial years after the measure takes effect. For example, there would be additional one-time costs if CDI reassessed rates that are currently in effect.

Unclear Effects on DMHC's Administrative Costs. The measure does not directly impose new

duties on DMHC, but it could affect DMHC's administrative costs. The direction and extent of this potential effect is unclear. For example, over time, the degree to which DMHC would continue to review health insurance rates in light of the rate approval authority given to CDI under the measure is unclear. If DMHC reduced or eliminated its rate review activities, this would result in administrative savings of up to several hundred thousand dollars annually. On the other hand, some of DMHC's administrative costs could increase under the measure if actions taken by the Commissioner resulted in additional regulatory workload for DMHC.

Potential Administrative Costs for Covered California. The measure does not impose new duties on Covered California, but it could result in additional administrative costs. The new rate approval process conducted by CDI would likely result in a longer approval process for some individual and small group health insurance products. To the extent there is a long delay in approval for a product, it could result in that product not being offered during an open enrollment period. This could, in turn, have fiscal effects on Covered California. For example, there could be additional costs to provide consumer assistance to individuals who switch to a different health insurance company. It is unclear whether long delays in rate approvals would occur under the measure or, if they do occur, how often they would occur.

Visit <http://cal-access.sos.ca.gov> for details about money contributed in this contest.

★ **Argument in Favor of Proposition 45** ★

45

Proposition 45 Will Stop Excessive Health Insurance Rate Hikes
Health insurance premiums have risen 185% since 2002, five times the rate of inflation.

Even when premium increases are found to be unreasonable, no one in California has the power to stop them!

That's why Californians recently faced \$250 million in rate hikes that state regulators found to be "unreasonable" but could not stop.

Proposition 45 requires health insurance companies to open their books and publicly justify rate hikes, under penalty of perjury, *before* they can raise premiums for 5.8 million individual consumers and small business owners.

Proposition 45 will:

- Require disclosure by making public the documents filed by insurers to justify rate increases.
- Promote transparency by allowing public hearings and the right to challenge unjustified premium increases.
- Create accountability by giving the insurance commissioner authority to reject excessive rate increases and order refunds.

Proposition 45 protects patients from health insurance company profiteering. Unaffordable insurance leads to unpaid medical bills, the leading cause of personal bankruptcy. Nearly 40% of Americans skip doctor visits or recommended care due to the cost.

Proposition 45 will stop health insurance company price gouging and lower health insurance premiums.

How do we know?

Proposition 45 Extends The Protections Of Another Voter Approved Initiative That Has Saved Consumers Billions

California auto and home insurance companies have been required to justify rate hikes and get permission to raise premiums since 1988.

Since voters enacted these insurance protections (Proposition 103), California is the only state in the nation where auto insurance rates went down over two decades! The Consumer Federation of America reported in November 2013 that

California's auto insurance rate regulations have saved California consumers \$102 billion by preventing excessive rate increases. Proposition 45 applies these rules to health insurers.

A nationally recognized actuary, who has reviewed health insurance rates in other states, and Consumer Watchdog estimate that Proposition 45 could save Californians \$200 million or more per year.

Proposition 45 Is Needed Even More Now Than Everyone Is Required To Have Health Insurance

The federal healthcare law does not give regulators the power to stop excessive rate hikes.

As the *Los Angeles Times* editorial board said, "As of 2014, the healthcare reform law will require all adult Americans to obtain health coverage. Regulators ought to have the power to stop insurers from gouging that captive market."

The *San Jose Mercury News* editorialized: "California should join the majority of states across the nation, 36 of 50, that have authority to control health insurance rate hikes."

California's big health insurance companies have already contributed \$25.4 million to stop Proposition 45. They blocked legislation for greater transparency and accountability like Proposition 45 for a decade. They want to continue charging you as much as they want. Don't be misled.

Proposition 45 will lower healthcare costs by preventing health insurance companies from jacking up rates and passing on unreasonable costs to consumers.

Join us in support of Proposition 45 to save money on health insurance. Learn more: www.yeson45.org.

Thank you.

Deborah Burger, President
California Nurses Association

Jamie Court, President
Consumer Watchdog

Dolores Huerta, Civil Rights Leader

★ **Rebuttal to Argument in Favor of Proposition 45** ★

Prop. 45 isn't about controlling health insurance rates—because California just launched a new independent commission this year responsible for controlling health insurance rates and expanding coverage.

Instead, Prop. 45 is really about who has power over health care: the independent commission, or one politician who can take campaign contributions from special interests like insurance companies and trial lawyers.

Prop. 45—Undermines California's New Independent Commission

The independent commission is working to control costs, providing what the *Los Angeles Times* described as "Good News About Health Costs."

But the special interests backing Prop. 45 have a different agenda: GIVE ENORMOUS POWER over health insurance benefits and rates to a single Sacramento politician.

This power grab would sabotage the independent commission with bureaucratic conflicts, lengthy delays and higher costs for consumers—and give powerful special interests more influence over health care.

Prop. 45—Another flawed, costly, deceptive initiative

- Under Prop. 45, ONE POLITICIAN COULD CONTROL

THE BENEFITS AND TREATMENT OPTIONS our insurance covers. We shouldn't expose treatment decisions to some politician's political agenda.

- Increases State Administrative COSTS TENS OF MILLIONS EVERY YEAR to fund costly, duplicative bureaucracy and resolve legal questions caused by sponsor's failure to qualify initiative for 2012, as intended.
- HIDDEN AGENDA—COSTLY NEW LAWSUITS. The sponsors made \$11 million off legal fees under their last sponsored Proposition; now they're back to make millions more off the costly new health care lawsuits Prop. 45 allows.
- Exempts big corporations.

Join doctors, nurses, patients, clinics and small businesses:
VOTE NO on 45.

Gail Nickerson, President
California Association of Rural Health Clinics

Robert A. Moss, MD, President
Medical Oncology Association of Southern California

Kim Stone, President
Civil Justice Association of California

★ **Argument Against Proposition 45** ★

45

We all want to improve our health care system, but Prop. 45 isn't the reform we need.

Instead, Prop. 45 is a flawed, costly and deceptive initiative drafted to benefit its sponsors and special interest backers—while patients, consumers and taxpayers face higher rates, more costly bureaucracy and new barriers to health care.

Prop. 45 makes things *worse*, not better. That's why California doctors, nurses, patients, clinics, hospitals, taxpayers and small businesses all oppose Prop. 45.

GIVES ONE POLITICIAN TOO MUCH POWER—
Proposed Section 1861.17(g)(2)

Prop. 45 gives sweeping control over health care coverage to one elected politician—the insurance commissioner—who can take campaign contributions from trial lawyers, insurance companies and other powerful special interests.

Under Prop. 45, this single politician could **CONTROL WHAT BENEFITS AND TREATMENT OPTIONS YOUR INSURANCE COVERS**—with virtually no checks and balances to ensure decisions are made to benefit patients and consumers instead of special interests in Sacramento.

"Prop. 45 gives one politician too much power over health care. Treatment decisions should be made by doctors and patients, not someone with a political agenda."—Dr. Jeanne Conry, MD, OB/GYN—Immediate Past President, American College of Obstetrics and Gynecology, District IX

CREATES MORE DUPLICATIVE, COSTLY BUREAUCRACY—Proposed Section 1861.17(e)

Prop. 45 creates even more expensive state bureaucracy, duplicating two other bureaucracies that oversee health insurance rates, causing costly confusion with other regulations and adding more red tape to the health care system.

The non-partisan Legislative Analyst's Office projects the measure could **INCREASE STATE ADMINISTRATIVE COSTS TENS OF MILLIONS OF DOLLARS PER YEAR**—costs ultimately paid by consumers.

We shouldn't create a costly new, duplicative state bureaucracy when we can't adequately fund our schools, children's health care

programs, or other priorities.

CALIFORNIA ALREADY HAS A NEW INDEPENDENT HEALTH CARE COMMISSION

California just established a new independent commission responsible for negotiating health plan rates on behalf of consumers and rejecting health plans if they're too expensive.

This independent commission is working successfully to control costs and expand coverage. We shouldn't allow a politician who can take campaign contributions from special interests to interfere with the commission's work.

EXEMPTS BIG CORPORATIONS—Proposed Section 1861.17(g)(3)

Prop. 45 exempts large corporations, even as it burdens small businesses with costly new regulations and bureaucracy. If we're going to reform health care, it should apply to everyone, not just small businesses and individuals.

FINE PRINT HIDES FRIVOLOUS LAWSUITS—Proposed Section 1861.17(a)

Prop. 45's sponsors are lawyers who made millions profiteering off legal challenges allowed by the last proposition they sponsored, according to the *San Diego Union-Tribune*. They've hidden the same provision in Prop. 45, allowing them to charge up to \$675/hour and make millions more off costly health care lawsuits.

The sponsors will get rich—consumers will pay.

Our health care system is too complex to make major changes through a proposition pushed by one special interest. If we're going to make changes, patients, doctors and hospitals should all be part of the solution.

Vote NO on Prop. 45.

www.StopHigherCosts.org

Monica Weisbrich, R.N., President
American Nurses Association of California

Dr. José Arévalo, M.D., Chair
Latino Physicians of California

Allan Zaremborg, President
California Chamber of Commerce

★ **Rebuttal to Argument Against Proposition 45** ★

Californians are being overcharged by the health insurance industry. Proposition 45 will protect consumers and help stop the insurance industry's price gouging. It applies California's existing auto insurance protections, which have saved consumers billions, to health insurance.

Five health insurance companies that control 88% of California's insurance market have raised \$25,300,000 against Prop. 45: Blue Cross and parent company Wellpoint, Kaiser, Blue Shield, Health Net and United Healthcare. They want to keep charging you as much as possible without accountability, transparency or disclosure.

When did health insurance companies ever spend \$25 million to save you money on your health insurance or to make your healthcare better?

Here are the facts:

- Prop. 45 will not limit your benefits or treatment options, only how much you pay for health insurance. That's why the California Nurses Association, representing 85,000 Registered Nurses, supports Prop. 45.

- There is no "commission" in California, or federally, that has the power to stop unreasonable health insurance rates. That's why Prop. 45 authorizes our elected insurance commissioner to reject excessive rate hikes. No insurance commissioner has accepted campaign contributions from insurance companies since 2000. No wonder health insurers are worried!
- Prop. 45 won't create a new bureaucracy. It requires health insurance companies to pay for its implementation and obey the same rules, from voter-approved Prop. 103, that apply to other insurance companies. The insurance companies fear these rules and the consumer challenges to excessive rates that have cancelled billions in overcharges by auto, home and business insurers. www.yeson45.org

Dr. Paul Song, Co-Chair
Campaign For A Healthy California

Henry L. "Hank" Lacayo, State President
Congress of California Seniors

Harvey Rosenfield, Author of 1988 insurance reform Proposition 103

Proposition
46 **Drug and Alcohol Testing of Doctors. Medical Negligence Lawsuits. Initiative Statute.**

Official Title and Summary

Prepared by the Attorney General

Drug and Alcohol Testing of Doctors. Medical Negligence Lawsuits. Initiative Statute.

- Requires drug and alcohol testing of doctors and reporting of positive test to the California Medical Board.
- Requires Board to suspend doctor pending investigation of positive test and take disciplinary action if doctor was impaired while on duty.
- Requires doctors to report any other doctor suspected of drug or alcohol impairment or medical negligence.
- Requires health care practitioners to consult state prescription drug history database before prescribing certain controlled substances.
- Increases \$250,000 cap on pain and suffering damages in medical negligence lawsuits to account for inflation.

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

- Increased state and local government health care costs from raising the cap on medical malpractice damages, likely ranging from the tens of millions of dollars to several hundred million dollars annually.
- Uncertain, but potentially significant, state and local government savings from new requirements on health care providers, such as provisions related to prescription drug monitoring and alcohol and drug testing of physicians. These savings would offset to some extent the health care costs noted above.

Analysis by the Legislative Analyst

Background

This measure has several provisions that relate to health care provider conduct and patient safety. Specifically, the measure's primary provisions relate to medical malpractice, prescription drug monitoring, and alcohol and drug testing for physicians. Below, we provide background information on some of these topics and describe the major role state and local governments have in paying for health care services in California.

State and Local Governments Pay for a Substantial Amount of Health Care

The state and local governments in California spend tens of billions of dollars annually on health care services. These costs include purchasing services directly from health care providers (such as physicians and pharmacies), operating health care facilities (such as hospitals and clinics), and

paying premiums to health insurance companies. The major types of public health care spending are:

- ***Health Coverage for Government Employees and Retirees.*** The state, public universities, cities, counties, school districts, and other local governments in California pay for a significant portion of health costs for their employees and their families and for some retirees. Together, state and local governments pay about \$20 billion annually for employee and retiree health benefits.
- ***Medi-Cal.*** In California, the federal-state Medicaid program is known as Medi-Cal. Medi-Cal pays about \$17 billion annually from the state General Fund to provide health care to over 10 million low-income persons.

- **State-Operated Mental Hospitals and Prisons.** The state operates facilities, such as mental hospitals and prisons, that provide direct health care services.
- **Local Government Health Programs.** Local governments—primarily counties—pay for many health care services, mainly for low-income individuals. Some counties operate hospitals and clinics that provide health care services.

Medical Malpractice

Persons Injured While Receiving Health Care May Sue for Medical Malpractice. Persons injured while receiving health care may sue health care providers—typically physicians—for medical malpractice. In a medical malpractice case, the person suing must prove that he or she was injured as a result of the health care provider’s negligence—a failure to follow an appropriate standard of care. The person must also prove some harm resulted from the provider’s negligence. Damages awarded in medical malpractice cases include:

- **Economic Damages**—payments to a person for the financial costs of an injury, such as medical bills or loss of income.
- **Noneconomic Damages**—payments to a person for items other than financial losses, such as pain and suffering.

Attorneys working malpractice cases are typically paid a fee that is based on the damages received by the injured person—also known as a contingency fee. Most medical malpractice claims—as with lawsuits in general—are settled outside of court.

How Health Care Providers Cover Malpractice Costs. Health care providers usually pay the costs of medical malpractice claims—including damages and legal costs—in one of two ways:

- **Purchasing Medical Malpractice Insurance.** The provider pays a monthly premium to an insurance company and, in

turn, the company pays the costs of malpractice claims.

- **Self-Insurance.** Sometimes the organization a provider works for or with—such as a hospital or physician group—directly pays the costs of malpractice claims. This is often referred to as self-insurance.

These malpractice costs are roughly 2 percent of total annual health care spending in California.

Medical Injury Compensation Reform Act (MICRA). In 1975, the Legislature enacted MICRA in response to a concern that high medical malpractice costs would limit the number of doctors practicing medicine in California. The act made several changes intended to limit malpractice liability, including limiting the size of medical malpractice claims. For example, it established a \$250,000 cap on noneconomic damages that may be awarded to an injured person. (There is no cap on economic damages.)

The act also established a cap on fees going to attorneys representing injured persons in malpractice cases. The percentage that can go to these attorneys depends on the amount of damages awarded, with the percentage declining as the amount of the award grows. For example, attorneys cannot receive more than 40 percent of the first \$50,000 recovered or more than 15 percent of the amount recovered greater than \$600,000.

Prescription Drug Abuse and Monitoring

Prescription Drug Monitoring Programs. Use of prescription drugs for nonmedical purposes (such as for recreational use) is often referred to as prescription drug abuse. Largely in response to a growing concern about prescription drug abuse, almost all states—including California—have a prescription drug monitoring program. Such a program typically involves an electronic database that gathers information about the prescribing and dispensing of certain drugs. This information is used to reduce prescription drug abuse, among

Analysis by the Legislative Analyst

Continued

other things. For example, it is used to identify potential “doctor shoppers”—persons obtaining prescriptions from many different physicians over a short period of time with the intent to abuse or resell the drugs for profit.

California’s Prescription Drug Monitoring Program. The state Department of Justice (DOJ) administers California’s prescription drug monitoring program, which is known as the Controlled Substance Utilization Review and Evaluation System (CURES). For certain types of prescription drugs, a pharmacy is required to provide specified information to DOJ on the patient—including name, address, and date of birth. The types of prescription drugs that are subject to reporting are generally those that have potential for abuse.

Health Care Providers Required to Register for, but Not Check, CURES Beginning in 2016. Certain health care providers—such as physicians and pharmacists—are allowed to review a patient’s prescription drug history in CURES. (Some other persons—such as certain law enforcement officials—also have access to CURES.) In some cases, checking the system prior to prescribing or dispensing drugs can prevent prescription drug abuse or improve clinical care.

In order to review a patient’s drug history in CURES, a user must first register to use the system. Providers, however, are not currently required to register. (About 12 percent of all eligible providers are now registered.) Beginning January 1, 2016, providers will be required to register. Even then, as currently, providers will not be required to check the database prior to prescribing or dispensing drugs.

CURES Upgrades Scheduled to Be Complete in Summer 2015. Currently, CURES does not have sufficient capacity to handle the higher level of use that is expected to occur when providers are required to register beginning in 2016. The state is currently in the process of upgrading CURES.

These upgrades are scheduled to be complete in the summer of 2015.

The Medical Board of California Regulates Physician Conduct

The Medical Board of California (Board) licenses and regulates physicians, surgeons, and certain other health care professionals. The Board is also responsible for investigating complaints and disciplining physicians and certain other health professionals who violate the laws that apply to the practice of medicine. Such violations include failure to follow an appropriate standard of care, illegally prescribing drugs, and drug abuse.

Proposal

Raises Cap on Noneconomic Damages for Medical Malpractice. Beginning January 1, 2015, this measure adjusts the current \$250,000 cap on noneconomic damages in medical malpractice cases to reflect the increase in inflation since the cap was established—effectively raising the cap to \$1.1 million. The cap on the amount of damages would be adjusted annually thereafter to reflect any increase in inflation.

Requires Health Care Providers to Check CURES. This measure requires health care providers, including physicians and pharmacists, to check CURES prior to prescribing or dispensing certain drugs to a patient for the first time. Providers would be required to check the database for drugs that have a higher potential for abuse, including such drugs as OxyContin, Vicodin, and Adderall. If the check of CURES finds that the patient already has an existing prescription for one of these drugs, the health care provider must determine if there is a legitimate need for another one.

Requires Hospitals to Conduct Alcohol and Drug Testing on Physicians. This measure requires hospitals to conduct testing for drugs and alcohol on physicians who are affiliated with the hospital. There are currently no requirements for

hospitals to test physicians for alcohol and drugs. The measure requires that testing be done randomly and in two specific instances:

- When a physician was responsible for the care and treatment of a patient within 24 hours prior to an adverse event. (Adverse events include such things as mistakes made during surgery, injuries associated with medication errors, or any event that causes the death or serious disability of a patient.)
- When a physician is the subject of a report of possible drug or alcohol use while on duty or failure to follow the appropriate standard of care (discussed below).

The hospital would be required to bill the physician for the cost of the test. The hospital would also be required to report any positive test results, or the willful failure or refusal of a physician to submit to the test, to the Board.

Requires Medical Board to Discipline Physicians Found to Be Impaired. If the Board finds that a physician was impaired by drugs or alcohol while on duty or during an adverse event, or that a physician refused or failed to comply with drug and alcohol testing, the Board must take specified disciplinary action against the physician. This action may include suspension of the physician's license. The measure requires the Board to assess an annual fee on physicians to pay the costs of administering the measure and taking enforcement actions.

Requires Reporting of Suspected Physician Misconduct to the Medical Board. The measure requires physicians to report to the Board any information known to them that appears to show another physician was impaired by drugs or alcohol while on duty, or that a physician who treated a patient during an adverse event failed to follow the appropriate standard of care. In most cases, individual physicians are not currently required to report this information.

Fiscal Effects

This measure would likely have a wide variety of fiscal effects on state and local governments—many of which are subject to substantial uncertainty. We describe the major potential fiscal effects below.

Effects of Raising Cap on Noneconomic Damages in Medical Malpractice Cases

Raising the cap on noneconomic damages would likely increase overall health care spending in California (both governmental and nongovernmental) by: (1) increasing direct medical malpractice costs and (2) changing the amount and types of health care services provided.

Higher Direct Medical Malpractice Costs.

Raising the cap on noneconomic damages would likely affect direct medical malpractice costs in the following ways:

- ***Higher Damages.*** A higher cap would increase the amount of damages in many malpractice claims.
- ***Change in the Number of Malpractice Claims.*** Raising the cap would also change the total number of malpractice claims, although it is unclear whether the total number of claims would increase or decrease. For example, raising the cap would likely encourage health care providers to practice medicine in a way that decreases the number of medical malpractice claims. (We discuss this change in behavior further below.) On the other hand, raising the cap would increase the amount of damages—thereby increasing the amount that could potentially go to an attorney representing an injured party on a contingency-fee basis. This, in turn, makes it more likely that an attorney would be willing to represent an injured party, thereby increasing the number of claims.

On net, these changes would likely result in higher medical malpractice costs, and thus higher total health care spending, in California. Based on studies looking at other states' experience, we estimate that the increase in medical malpractice costs could range from 5 percent to 25 percent. Since medical malpractice costs are currently about 2 percent of total health care spending, raising the cap would likely increase total health care spending by 0.1 percent to 0.5 percent.

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Costs Due to Changes in Health Care Services Provided. Raising the cap would also affect the amount and types of health care services provided in California. As discussed earlier, raising the cap on noneconomic damages would likely encourage health care providers to change how they practice medicine in an effort to avoid medical malpractice claims. Such changes in behavior would increase health care costs in some instances and decrease health care costs in other instances. For example, a physician may order a test or procedure for a patient that he or she would not have otherwise ordered. This could affect health care costs in different ways:

- The additional test or procedure could reduce future health care costs by preventing a future illness.
- The additional test or procedure could simply increase the total costs of health care services, with little or no future offsetting savings.

Based on studies looking at other states' experience, we estimate that this would result in a net increase in total health care spending. We estimate this spending would increase by 0.1 percent to 1 percent.

Annual Government Costs Likely Ranging From Tens of Millions to Several Hundred Million Dollars. As noted earlier, state and local governments pay for tens of billions of dollars of health care services annually. Our analysis assumes additional costs for health care providers—such as higher direct medical malpractice costs—are

generally passed along to purchasers of health care services, such as governments. In addition, we assume state and local governments will have net costs associated with changes in the amount and types of health care services.

There would likely be a very small percentage increase in health care costs in the economy overall as a result of raising the cap. However, even a small percentage change in health care costs could have a significant effect on government health care spending. For example, a 0.5 percent increase in state and local government health care costs in California as a result of raising the cap (which is within the range of potential cost increases discussed above) would increase government costs by roughly a couple hundred million dollars annually. Given the range of potential effects on health care spending, we estimate that state and local government health care costs associated with raising the cap would likely range from **the tens of millions of dollars to several hundred million dollars annually**. The state portion of these costs would be less than 0.5 percent of the state's annual General Fund budget.

Effects of Requirement to Check CURES and Physician Alcohol and Drug Testing

The other provisions of the measure that could have significant fiscal effects on state and local governments are: (1) the requirement that certain health care providers check CURES and (2) the requirement that hospitals conduct physician alcohol and drug testing.

Effects of Requirement to Check CURES. Many providers will not be able to check CURES until at least the summer of 2015, when the system upgrades are scheduled to be complete. Once the CURES upgrades are complete, this measure would result in health care providers checking CURES more often because of the measure's requirement that they do so. Checking CURES more often could have many fiscal effects, including:

- **Lower Prescription Drug Costs.** Providers checking CURES would be more likely to identify potential doctor shoppers and, in turn, reduce the number of prescription drugs dispensed. Fewer prescriptions being dispensed would result in lower prescription drug costs.
- **Lower Costs Related to Prescription Drug Abuse.** Fewer prescriptions being dispensed would likely reduce the amount of prescription drug abuse. This, in turn, would result in lower governmental costs associated with prescription drug abuse, such as law enforcement, social services, and other health care costs. These savings could be lessened due to other behavioral changes as a result of the measure. For example, drug abusers may find other ways to obtain prescription drugs.
- **Additional Costs Related to Checking CURES.** Certain health care providers would be required to take additional time to check CURES. As a result, they would have less time for other patient care activities. This could result in additional costs for hospitals or pharmacies needing to hire additional staff to provide care to the same number of patients. Some of these cost increases would eventually be passed on to government purchasers of health care services in the form of higher prices.

Effects of Physician Alcohol and Drug Testing. The requirement to test physicians for alcohol and drugs could have several different fiscal effects, including:

- **Savings From Fewer Medical Errors.** Physician testing would likely prevent some medical errors. For example, alcohol and drug testing would deter some physicians from using alcohol or drugs while on duty and, in turn, result in fewer medical errors. Fewer medical errors would decrease overall health care spending.
- **Costs of Performing Tests.** The measure requires hospitals to bill physicians for the cost of alcohol or drug testing. This would increase costs for providers and some of these costs would be passed along to state and local governments in the form of higher prices for health care services provided by physicians.
- **State Administrative Costs.** The measure's alcohol and drug test requirements would create state administrative costs, including costs for the Board to enforce the measure. These administrative costs would likely be less than a million dollars annually, to be paid for by a fee assessed on physicians.

Uncertain, but Potentially Significant, Net Savings to State and Local Governments. On net, the requirements to check CURES and test physicians for alcohol and drugs would likely result in annual savings to state and local governments. The amount of annual savings is highly uncertain, but potentially significant. These savings would offset to some extent the increased governmental costs from raising the cap on noneconomic damages (discussed above).

Visit <http://cal-access.sos.ca.gov> for details about money contributed in this contest.

★ **Argument in Favor of Proposition 46** ★

PROPOSITION 46 WILL SAVE LIVES.

Preventable medical errors kill up to 440,000 people each year, making medical negligence the third leading cause of death in this country behind only heart disease and cancer.

Bob Pack is sponsoring Proposition 46 because a drugged driver killed Bob's children after multiple doctors recklessly prescribed narcotics to her. Bob wants to prevent such a tragedy from happening to other families. Proposition 46 will save lives in three ways:

1. PROPOSITION 46 WILL DETER NEGLIGENCE BY HOLDING DOCTORS ACCOUNTABLE FOR MEDICAL ERRORS.

- It holds doctors accountable when they commit negligence, including while impaired by drugs or alcohol, by adjusting for inflation the current cap of \$250,000 on pain and suffering damages for victims of medical negligence like Troy and Alana Pack.
- The Legislature set the cap in 1975 and has never adjusted it for inflation. While the cost of everything else has increased significantly since then, the value of a life has not increased one penny in 39 years.
- Proposition 46 retains the current limit on attorneys' fees in medical negligence cases.

2. PROPOSITION 46 WILL SAVE LIVES BY CRACKING DOWN ON PRESCRIPTION DRUG ABUSE.

- A recent *LA Times* investigation showed that drugs prescribed by doctors caused or contributed to nearly half of the accidental prescription overdose deaths in four Southern California counties.
- Proposition 46 requires doctors to check the existing statewide database before prescribing addictive painkillers and other narcotics to a first time patient.

3. PROPOSITION 46 WILL SAVE LIVES BY PROTECTING PATIENTS FROM IMPAIRED DOCTORS.

- The California Medical Board reported that experts estimate nearly one in five health professionals suffers from substance abuse during their lifetimes.

- Doctors under the influence of drugs and alcohol cause medical errors, but most substance abuse goes undetected because doctors are not tested.

PROPOSITION 46 REQUIRES:

- Random drug and alcohol testing of doctors using the same proven federal testing program that works with pilots.
- Suspension of a doctor who tests positive and disciplinary action if the doctor was impaired on duty.

THE FACTS:

- Millions of Californians are drug tested at work yet California doesn't require doctors to be tested.
- Drug testing is required for pilots, bus drivers, and other safety workers—but not doctors.
- Drug testing can save lives. That's why random drug testing of doctors is supported by leading medical safety experts, consumer advocates, the Inspector General of the federal agency responsible for overseeing health care, and by doctors who themselves have abused drugs.
- Dr. Stephen Loyd, an internist who practiced medicine while abusing drugs and who is now recovering, said: "I worked impaired every day; looking back, it scares me to death, what I could have done. My patients and my colleagues never knew I was using."

Join Bob Pack, consumer groups, health care professionals and victims of medical negligence in voting YES on Proposition 46 (www.yeson46.org) so we can improve patient safety, hold doctors accountable, and save lives by making sure no one has an intoxicated doctor treating them or a loved one.

Bob Pack, Father of victims of preventable medical error, Troy and Alana Pack

Carmen Balber, Executive Director
Consumer Watchdog

Henry L. "Hank" Lacayo, State President
Congress of California Seniors

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★ **Rebuttal to Argument in Favor of Proposition 46** ★

Prop. 46 is before you for one reason—to make it easier for trial lawyers to sue doctors and profit from these lawsuits. It's simple. When you increase the cap, you automatically increase trial lawyer profits.

46's sponsors claim this is about drug testing doctors . . . but the lawyers who wrote and funded this measure have NEVER gone to the State Legislature to propose drug testing of doctors.

They have, however, sponsored 3 different proposals to get the State Legislature to raise the cap on lawsuits and make it easier to sue our family doctors. All 3 times the Legislature rejected them. And no less than 10 times, trial lawyers have asked the courts to strike down the cap. Each time, the courts, including the California Supreme Court, found the cap serves its purpose by keeping costs contained, which preserves your access to affordable healthcare.

Lawyers paid to put this on the ballot, making the bold claim it will "save lives." They cite false statistics to defend this political

rhetoric. Much as we wish a ballot initiative could actually save lives, this one will not.

But doctors and nurses DO save lives. They take a solemn oath to care for their patients. They believe 46 would force many California doctors, specialists and healthcare professionals to close their practices. How can that benefit anyone?

Please go to www.NoOn46.com to see why over 500 different community based groups throughout the state, concerned about access to healthcare for everyone, say VOTE NO on 46.

Tricia Hunter, RN, Executive Director
American Nurses Association, California

Tom Scott
California Citizens Against Lawsuit Abuse
Betty Jo Toccoli, President
California Small Business Association

★ Argument Against Proposition 46 ★

California special interests have a history of qualifying ballot propositions that appear to be about one thing but are really about another. Here's another one.

Proposition 46 uses alcohol and drug testing of doctors to disguise the real intent—to increase a limit on the amount of medical malpractice lawsuit awards.

This measure does three things:

- Quadruples the limit on medical malpractice awards in California, which will cost taxpayers hundreds of millions of dollars every year, and cause many doctors and other medical care professionals to quit their practice or move to places with lower medical malpractice insurance premiums.
- Threatens your privacy by requiring a massive expansion of the use of a personal prescription drug database.
- Requires alcohol and drug testing of doctors, which was only added to this initiative to distract from the main purpose.

Vote No on Prop. 46

This measure is not on the ballot because someone thinks we need to drug test doctors. Prop. 46 was written and paid for exclusively by trial lawyers who will profit from its passage. If they get their way, malpractice lawsuits and trial attorney awards will skyrocket. And we will pay the costs.

Raising the Limit on Medical Malpractice Awards

Lawyers want to quadruple the limit of awards that the state allows for medical malpractice lawsuits. Here are the consequences:

- *Increased Health Insurance Costs:* If medical malpractice awards go up, health insurance companies will raise their rates to cover their increased costs. When health care insurance companies raise their rates, we all pay more in health care premiums.
- *Increased Taxes and Fees:* State and county hospitals pay their own medical malpractice insurance premiums. When

health insurance companies raise their rates, state and county governments will have to find a way to cover the new costs. They will either cut services or raise taxes and fees. In fact, the independent Legislative Analyst estimates the increased state and local costs to be “hundreds of millions of dollars . . .” We will pay either way.

- *Access to Health Care Reduced:* If California raises their cap, many doctors and other health care professionals will move to states with lower malpractice insurance rates. Some will give up their practice. This could cause you to lose your doctor. Which is why the California Association of Rural Health Clinics opposes Prop. 46.

Prescription Drug Database

Prop. 46 mandates that doctors consult an online database of Californians' personal prescription drug history. This database is controlled by the state government in an age when it's already too easy for government to violate our privacy.

Government websites, including the DMV and the Pentagon, have a history of being hacked. Vote No to prevent reliance on another computer database that no one can assure will be secure.

In Summary

The consequences of Prop. 46 far outweigh any benefits: higher costs of health care, higher taxes, lost access to doctors, loss of privacy, and risking that our personal prescription drug history will be compromised and made available for anyone to see.

Please vote no.

Donna Emanuele, RN, President
California Association of Nurse Practitioners
Ann-Louise Kuhns, President
California Children's Hospital Association
Stuart Cohen, MD, Chair
American Academy of Pediatrics, California

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★ Rebuttal to Argument Against Proposition 46 ★

As mothers who lost children to medical negligence, we want to prevent our tragedies from happening to others, but insurance companies are spending millions against Proposition 46's reforms.

Please consider the facts:

Requiring random drug and alcohol testing of doctors will address a serious problem reported by *USA Today*: 103,000 U.S. medical professionals annually abuse illicit drugs.

That's why Mothers Against Drunk Driving Founder Candace Lightner supports Proposition 46.

The U.S. Health and Human Services Department's Inspector General has called for testing doctors.

Pilots, hospital workers, and millions of Californians are tested, but California doesn't require doctors to be tested.

Requiring doctors to check California's drug database before prescribing new patients narcotics will:

Protect privacy: The existing Department of Justice database is secure. That's why Consumer Watchdog supports 46.

Save money: The U.S. Health and Human Services Department's former insurance oversight director estimates it can save California hundreds of millions annually.

Adjusting the \$250,000 cap on compensation for human suffering in medical negligence cases for 39 years of inflation will fairly value lives and hold doctors accountable.

Barbara Boxer, Nancy Pelosi and Erin Brockovich support 46 because the cap disproportionately harms women and children.

Proposition 46 *won't limit access to health care*: statistics show that people in most states *without* caps have better access to doctors than Californians do.

California's Insurance Commissioner *holds down doctors' insurance costs* by regulating rates.

Up to 440,000 people die annually from preventable medical errors. *Help us save lives—VOTE YES.*

Sarah Hitchcock-Glover, R.N., Mother of victim of preventable medical error, Adam Glover
Alejandra Gonzalez, Mother of victim of preventable medical error, Mia Chavez
Jennifer Westhoff, Mother of victim of preventable medical error, Morgan Westhoff

Proposition **47** Criminal Sentences. Misdemeanor Penalties. Initiative Statute.

Official Title and Summary

Prepared by the Attorney General

Criminal Sentences. Misdemeanor Penalties. Initiative Statute.

- Requires misdemeanor sentence instead of felony for certain drug possession offenses.
- Requires misdemeanor sentence instead of felony for the following crimes when amount involved is \$950 or less: petty theft, receiving stolen property, and forging/writing bad checks.
- Allows felony sentence for these offenses if person has previous conviction for crimes such as rape, murder, or child molestation or is registered sex offender.
- Requires resentencing for persons serving felony sentences for these offenses unless court finds unreasonable public safety risk.
- Applies savings to mental health and drug treatment programs, K–12 schools, and crime victims.

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

- Net state criminal justice system savings that could reach the low hundreds of millions of dollars annually. These savings would be spent on school truancy and dropout prevention, mental health and substance abuse treatment, and victim services.
- Net county criminal justice system savings that could reach several hundred million dollars annually.

Analysis by the Legislative Analyst

Background

There are three types of crimes: felonies, misdemeanors, and infractions. A felony is the most serious type of crime. Existing law classifies some felonies as “violent” or “serious,” or both. Examples of felonies currently defined as both violent and serious include murder, robbery, and rape. Felonies that are not classified as violent or serious include grand theft (not involving a gun) and possession of illegal drugs. A misdemeanor is a less serious crime. Misdemeanors include crimes such as assault and public drunkenness. An infraction is the least serious crime and is usually punished with a fine. For example, possession of less than one ounce of marijuana for personal use is an infraction.

Felony Sentencing. In recent years, there has been an average of about 220,000 annual felony convictions in California. Offenders convicted of felonies can be sentenced as follows:

- **State Prison.** Felony offenders who have current or prior convictions for serious, violent, or sex crimes can be sentenced to state prison. Offenders who are released from prison after serving a sentence for a serious or violent crime are supervised in the community by state parole agents. Offenders who are released from prison

after serving a sentence for a crime that is not a serious or violent crime are usually supervised in the community by county probation officers. Offenders who break the rules that they are required to follow while supervised in the community can be sent to county jail or state prison, depending on their criminal history and the seriousness of the violation.

- **County Jail and Community Supervision.** Felony offenders who have no current or prior convictions for serious, violent, or sex offenses are typically sentenced to county jail or the supervision of a county probation officer in the community, or both. In addition, depending on the discretion of the judge and what crime was committed, some offenders who have current or prior convictions for serious, violent, or sex offenses can receive similar sentences. Offenders who break the rules that they are required to follow while supervised in the community can be sent to county jail or state prison, depending on their criminal history and the seriousness of the violation.

Misdemeanor Sentencing. Under current law, offenders convicted of misdemeanors may be sentenced to county jail, county community

Analysis by the Legislative Analyst

Continued

supervision, a fine, or some combination of the three. Offenders on county community supervision for a misdemeanor crime may be placed in jail if they break the rules that they are required to follow while supervised in the community.

In general, offenders convicted of misdemeanor crimes are punished less severely than felony offenders. For example, misdemeanor crimes carry a maximum sentence of up to one year in jail while felony offenders can spend much longer periods in prison or jail. In addition, offenders who are convicted of a misdemeanor are usually supervised in the community for fewer years and may not be supervised as closely by probation officers.

Wobbler Sentencing. Under current law, some crimes—such as check forgery and being found in possession of stolen property—can be charged as either a felony or a misdemeanor. These crimes are known as “wobblers.” Courts decide how to charge wobbler crimes based on the details of the crime and the criminal history of the offender.

Proposal

This measure reduces penalties for certain offenders convicted of nonserious and nonviolent property and drug crimes. The measure also allows certain offenders who have been previously convicted of such crimes to apply for reduced sentences. In addition, the measure requires any state savings that result from the measure be spent to support truancy (unexcused absences) prevention, mental health and substance abuse treatment, and victim services. These changes are described in more detail below.

Reduction of Existing Penalties

This measure reduces certain nonserious and nonviolent property and drug offenses from wobblers or felonies to misdemeanors. The measure limits these reduced penalties to offenders who have not committed certain severe crimes listed in the measure—including murder and certain sex and gun crimes. Specifically, the measure reduces the penalties for the following crimes:

- **Grand Theft.** Under current law, theft of property worth \$950 or less is often charged as petty theft, which is a misdemeanor or an infraction. However, such crimes can sometimes be charged as grand theft, which is generally a wobbler. For example, a wobbler

charge can occur if the crime involves the theft of certain property (such as cars) or if the offender has previously committed certain theft-related crimes. This measure would limit when theft of property of \$950 or less can be charged as grand theft. Specifically, such crimes would no longer be charged as grand theft solely because of the type of property involved or because the defendant had previously committed certain theft-related crimes.

- **Shoplifting.** Under current law, shoplifting property worth \$950 or less (a type of petty theft) is often a misdemeanor. However, such crimes can also be charged as burglary, which is a wobbler. Under this measure, shoplifting property worth \$950 or less would always be a misdemeanor and could not be charged as burglary.
- **Receiving Stolen Property.** Under current law, individuals found with stolen property may be charged with receiving stolen property, which is a wobbler crime. Under this measure, receiving stolen property worth \$950 or less would always be a misdemeanor.
- **Writing Bad Checks.** Under current law, writing a bad check is generally a misdemeanor. However, if the check is worth more than \$450, or if the offender has previously committed a crime related to forgery, it is a wobbler crime. Under this measure, it would be a misdemeanor to write a bad check unless the check is worth more than \$950 or the offender had previously committed three forgery related crimes, in which case it would remain a wobbler crime.
- **Check Forgery.** Under current law, it is a wobbler crime to forge a check of any amount. Under this measure, forging a check worth \$950 or less would always be a misdemeanor, except that it would remain a wobbler crime if the offender commits identity theft in connection with forging a check.
- **Drug Possession.** Under current law, possession for personal use of most illegal drugs (such as cocaine or heroin) is a misdemeanor, a wobbler, or a felony—depending on the amount and type of drug. Under this measure, such crimes would always be misdemeanors. The measure would not change the penalty for possession of

marijuana, which is currently either an infraction or a misdemeanor.

We estimate that about 40,000 offenders annually are convicted of the above crimes and would be affected by the measure. However, this estimate is based on the limited available data and the actual number could be thousands of offenders higher or lower.

Change in Penalties for These Offenders. As the above crimes are nonserious and nonviolent, most offenders are currently being handled at the county level. Under this measure, that would continue to be the case. However, the length of sentences—jail time and/or community supervision—would be less. A relatively small portion—about one-tenth—of offenders of the above crimes are currently sent to state prison (generally, because they had a prior serious or violent conviction). Under this measure, none of these offenders would be sent to state prison. Instead, they would serve lesser sentences at the county level.

Resentencing of Previously Convicted Offenders

This measure allows offenders currently serving felony sentences for the above crimes to apply to have their felony sentences reduced to misdemeanor sentences. In addition, certain offenders who have already completed a sentence for a felony that the measure changes could apply to the court to have their felony conviction changed to a misdemeanor. However, no offender who has committed a specified severe crime could be resentenced or have their conviction changed. In addition, the measure states that a court is not required to resentence an offender currently serving a felony sentence if the court finds it likely that the offender will commit a specified severe crime. Offenders who are resentenced would be required to be on state parole for one year, unless the judge chooses to remove that requirement.

Funding for Truancy Prevention, Treatment, and Victim Services

The measure requires that the annual savings to the state from the measure, as estimated by the Governor's administration, be annually transferred from the General Fund into a new state fund, the Safe Neighborhoods and Schools Fund. Under the measure, monies in the fund would be divided as follows:

- 25 percent for grants aimed at reducing truancy and drop-outs among K–12 students in public schools.
- 10 percent for victim services grants.
- 65 percent to support mental health and drug abuse treatment services that are designed to help keep individuals out of prison and jail.

Fiscal Effects

This measure would have a number of fiscal effects on the state and local governments. The size of these effects would depend on several key factors. In particular, it would depend on the way individuals are currently being sentenced for the felony crimes changed by this measure. Currently, there is limited data available on this, particularly at the county level. The fiscal effects would also depend on how certain provisions in the measure are implemented, including how offenders would be sentenced for crimes changed by the measure. For example, it is uncertain whether such offenders would be sentenced to jail or community supervision and for how long. In addition, the fiscal effects would depend heavily on the number of crimes affected by the measure that are committed in the future. Thus, the fiscal effects of the measure described below are subject to significant uncertainty.

State Effects of Reduced Penalties

The proposed reduction in penalties would affect state prison, parole, and court costs.

State Prison and Parole. This measure makes two changes that would reduce the state prison population and associated costs. First, changing future crimes from felonies and wobblers to misdemeanors would make fewer offenders eligible for state prison sentences. We estimate that this could result in an ongoing reduction to the state prison population of several thousand inmates within a few years. Second, the resentencing of inmates currently in state prison could result in the release of several thousand inmates, temporarily reducing the state prison population for a few years after the measure becomes law.

In addition, the resentencing of individuals currently serving sentences for felonies that are changed to misdemeanors would temporarily increase the state parole population by a couple thousand parolees over a three-year period. The costs associated with this

Analysis by the Legislative Analyst

Continued

increase in the parole population would temporarily offset a portion of the above prison savings.

State Courts. Under the measure, the courts would experience a one-time increase in costs resulting from the resentencing of offenders and from changing the sentences of those who have already completed their sentences. However, the above costs to the courts would be partly offset by savings in other areas. First, because misdemeanors generally take less court time to process than felonies, the proposed reduction in penalties would reduce the amount of resources needed for such cases. Second, the measure would reduce the amount of time offenders spend on county community supervision, resulting in fewer offenders being supervised at any given time. This would likely reduce the number of court hearings for offenders who break the rules that they are required to follow while supervised in the community. Overall, we estimate that the measure could result in a net increase in court costs for a few years with net annual savings thereafter.

Summary of State Fiscal Effects. In total, we estimate that the effects described above could eventually result in net state criminal justice system savings in the low hundreds of millions of dollars annually, primarily from an ongoing reduction in the prison population of several thousand inmates. As noted earlier, any state savings would be deposited in the Safe Neighborhoods and Schools Fund to support various purposes.

County Effects of Reduced Penalties

The proposed reduction in penalties would also affect county jail and community supervision operations, as well as those of various other county agencies (such as public defenders and district attorneys' offices).

County Jail and Community Supervision. The proposed reduction in penalties would have various effects on the number of individuals in county jails. Most significantly, the measure would reduce the jail population as most offenders whose sentence currently includes a jail term would stay in jail for a shorter time period. In addition, some offenders currently serving sentences in jail for certain felonies could be eligible for release. These reductions would be slightly offset by an increase in the jail population as offenders who would otherwise have been sentenced to state prison would now be placed in jail. On balance, we estimate that the total number of statewide county jail beds

freed up by these changes could reach into the low tens of thousands annually within a few years. We note, however, that this would not necessarily result in a reduction in the county jail population of a similar size. This is because many county jails are currently overcrowded and, therefore, release inmates early. Such jails could use the available jail space created by the measure to reduce such early releases.

We also estimate that county community supervision populations would decline. This is because offenders would likely spend less time under such supervision if they were sentenced for a misdemeanor instead of a felony. Thus, county probation departments could experience a reduction in their caseloads of tens of thousands of offenders within a few years after the measure becomes law.

Other County Criminal Justice System Effects. As discussed above, the reduction in penalties would increase workload associated with resentencing in the short run. However, the changes would reduce workload associated with both felony filings and other court hearings (such as for offenders who break the rules of their community supervision) in the long run. As a result, while county district attorneys' and public defenders' offices (who participate in these hearings) and county sheriffs (who provide court security) could experience an increase in workload in the first few years, their workload would be reduced on an ongoing basis in the long run.

Summary of County Fiscal Effects. We estimate that the effects described above could result in net criminal justice system savings to the counties of several hundred million dollars annually, primarily from freeing jail capacity.

Effects of Increased Services Funded by the Measure

Under the measure, the above savings would be used to provide additional funding for truancy prevention, mental health and drug abuse treatment, and other programs designed to keep offenders out of prison and jail. If such funding increased participation in these programs and made participants less likely to commit future crimes, the measure could result in future additional savings to the state and counties.

Visit <http://cal-access.sos.ca.gov> for details about money contributed in this contest.

★ Argument in Favor of Proposition 47 ★

PROPOSITION 47 IS SUPPORTED BY LAW ENFORCEMENT, CRIME VICTIMS AND TEACHERS.

We in the law enforcement community have come together in support of Proposition 47 because it will:

- Improve public safety.
- Reduce prison spending and government waste.
- Dedicate hundreds of millions of dollars to K–12 schools, crime victim assistance, mental health treatment and drug treatment.

Proposition 47 is sensible. It focuses law enforcement dollars on violent and serious crime while providing new funding for education and crime prevention programs that will make us all safer.

Here's how Proposition 47 works:

- *Prioritizes Serious and Violent Crime:* Stops wasting prison space on petty crimes and focuses law enforcement resources on violent and serious crime by changing low-level nonviolent crimes such as simple drug possession and petty theft from felonies to misdemeanors.
- *Keeps Dangerous Criminals Locked Up:* Authorizes felonies for registered sex offenders and anyone with a prior conviction for rape, murder or child molestation.
- *Saves Hundreds of Millions of Dollars:* Stops wasting money on warehousing people in prisons for nonviolent petty crimes, saving hundreds of millions of taxpayer funds every year.
- *Funds Schools and Crime Prevention:* Dedicates the massive savings to crime prevention strategies in K–12 schools, assistance for victims of crime, and mental health treatment and drug treatment to stop the cycle of crime.

For too long, California's overcrowded prisons have been disproportionately draining taxpayer dollars and law enforcement resources, and incarcerating too many people convicted of low-level, nonviolent offenses.

The objective, nonpartisan Legislative Analyst's Office

carefully studied Proposition 47 and concluded that it could save “hundreds of millions of dollars annually, which would be spent on truancy prevention, mental health and substance abuse treatment, and victim services.”

The state spends more than \$9,000,000,000 per year on the prison system. In the last 30 years California has built 22 new prisons but only one university.

Proposition 47 invests in solutions supported by the best criminal justice science, which will increase safety and make better use of taxpayer dollars.

We are:

- The District Attorney of San Francisco, former Assistant Police Chief for the Los Angeles Police Department, and former Chief of Police for San Francisco.
- The former Chief of Police for the cities of San Diego, San Jose, and Richmond.
- A crime survivor, crime victims' advocate, and widow of a San Leandro police officer killed in the line of duty.

We support Proposition 47 because it means safer schools and neighborhoods.

Joining us in our support of Proposition 47 are other law enforcement leaders and crime victims, teachers, rehabilitation experts, business leaders, civil rights organizations, faith leaders, conservatives and liberals, Democrats, Republicans and independents.

Please join us, and VOTE YES ON PROPOSITION 47.

For more information or to ask questions about Proposition 47 we invite you to visit VoteYes47.com.

George Gascon, District Attorney

City and County of San Francisco

William Lansdowne, Former Chief of Police

San Diego, San Jose, Richmond

Dionne Wilson, Victims' Advocate

Crime Survivors for Safety & Justice

★ Rebuttal to Argument in Favor of Proposition 47 ★

This isn't just a poorly written initiative. It is an invitation for disaster. Prosecutors and those concerned about protecting the innocent from violent sexual abuse, identity theft and other serious crimes overwhelmingly oppose Prop. 47. Some opponents include:

- California Coalition Against Sexual Assault
- California District Attorneys Association
- California Fraternal Order of Police
- California Peace Officers Association
- California Police Chiefs Association
- California Retailers Association
- California State Sheriffs' Association
- Crime Victim Action Alliance
- Crime Victims United of California

Regardless of what Prop. 47 supporters intend or say, these respected law enforcement and victims' rights groups want you to know these hard, cold facts:

1. Prop. 47 supporters admit that 10,000 inmates will be eligible for early release. They wrote this measure so that judges will not be able to block the early release of these

prison inmates, many of whom have prior convictions for serious crimes, such as assault, robbery and home burglary.

2. It's so poorly drafted that illegal possession of “date-rape” drugs will be reduced to a “slap on the wrist.”

3. Stealing any handgun valued at less than \$950 will no longer be a felony.

4. California Retailers Association President Bill Dombrowski says “reducing penalties for theft, receiving stolen property and forgery could cost retailers and consumers millions of dollars.”

5. There are no “petty” criminals in our prisons any more. First-time, low-level drug offenders are already sent to diversion programs, not prison.

Protect our communities. Vote NO on Prop. 47.

Sandra Henriquez, Executive Director
California Coalition Against Sexual Assault

Adam Christianson, President

California State Sheriffs' Association

Roger Mayberry, President

California Fraternal Order of Police

★ Argument Against Proposition 47 ★

California law enforcement, business leaders, and crime-victim advocates all urge you to vote NO on Proposition 47.

Proposition 47 is a dangerous and radical package of ill-conceived policies wrapped in a poorly drafted initiative, which will endanger Californians.

The proponents of this dangerous measure have already admitted that Proposition 47 will make 10,000 felons eligible for early release. *According to independent analysis, many of those 10,000 felons have violent criminal histories.*

Here is what Prop. 47's backers aren't telling you:

- *Prop. 47 will require the release of thousands of dangerous inmates.* Felons with prior convictions for armed robbery, kidnapping, carjacking, child abuse, residential burglary, arson, assault with a deadly weapon, and many other serious crimes will be eligible for early release under Prop. 47. These early releases will be virtually mandated by Proposition 47. While Prop. 47's backers say judges will be able to keep dangerous offenders from being released early, this is simply not true. Prop. 47 prevents judges from blocking the early release of prisoners except in very rare cases. For example, even if the judge finds that the inmate poses a risk of committing crimes like kidnapping, robbery, assault, spousal abuse, torture of small animals, carjacking or felonies committed on behalf of a criminal street gang, Proposition 47 requires their release.
- *Prop. 47 would eliminate automatic felony prosecution for stealing a gun.* Under current law, stealing a gun is a felony, period. Prop. 47 would redefine grand theft in such a way that theft of a firearm could only be considered a felony if the value of the gun is greater than \$950. Almost all handguns (which are the most stolen kind of firearm) retail

for well below \$950. People don't steal guns just so they can add to their gun collection. They steal guns to commit another crime. People stealing guns are protected under Proposition 47.

- *Prop. 47 undermines laws against sex-crimes.* Proposition 47 will reduce the penalty for possession of drugs used to facilitate date-rape to a simple misdemeanor. *No matter how many times the suspected sexual predator has been charged with possession of date-rape drugs, it will only be a misdemeanor, and the judge will be forced to sentence them as if it were their very first time in court.*
- *Prop. 47 will burden our criminal justice system.* This measure will overcrowd jails with dangerous felons who should be in state prison and jam California's courts with hearings to provide "Get Out of Prison Free" cards.

California has plenty of laws and programs that allow judges and prosecutors to keep first-time, low-level offenders out of jail if it is appropriate. Prop. 47 would strip judges and prosecutors of that discretion. When a career criminal steals a firearm, or a suspected sexual predator possesses date rape drugs, or a carjacker steals yet another vehicle, there needs to be an option besides a misdemeanor slap on the wrist.

Proposition 47 is bad for public safety. Please vote NO.

Christopher W. Boyd, President
California Police Chiefs Association

Harriet Salarno, President
Crime Victims United

Gilbert G. Otero, President
California District Attorneys Association

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★ Rebuttal to Argument Against Proposition 47 ★

Don't be fooled by the opposition's deceptive scare tactics:

Proposition 47 does not require automatic release of anyone. There is no automatic release. It includes strict protections to protect public safety and make sure rapists, murderers, molesters and the most dangerous criminals cannot benefit.

Proposition 47 maintains penalties for gun crimes. Under Prop. 47, possessing a stolen concealed gun remains a felony. Additional felony penalties to prevent felons and gang members from obtaining guns also apply.

Proposition 47 does not reduce penalties for any sex crime. Under Prop. 47, using or attempting to use any kind of drug to commit date rape or other felony crimes remains a felony.

We have been on the frontlines fighting crime, as police chiefs of major cities, a top prosecutor, and a victims' advocate working with thousands of victims across California. We support Proposition 47 because it will:

- Improve public safety.
- Reduce prison spending and government waste.
- Dedicate hundreds of millions of dollars to K-12 schools, victims and mental health treatment.

Don't believe the scare tactics. Proposition 47:

- *Keeps Dangerous Criminals Locked Up.* Authorizes felonies for sex offenders and anyone with a prior conviction for rape, murder or child molestation.
- *Prioritizes Serious and Violent Crime.* Stops wasting prison space on petty crimes and focuses resources on violent and serious crime.
- *Provides new funding for education and crime prevention.*

Proposition 47 is sensible. That is why it is supported by law enforcement, crime victims, teachers, rehabilitation experts, business leaders, and faith leaders.

George Gascon, District Attorney
City and County of San Francisco

William Lansdowne, Former Chief of Police
San Diego, San Jose, Richmond

Dionne Wilson, Victims' Advocate
Crime Survivors for Safety & Justice

Proposition
48 Indian Gaming Compacts. Referendum.

Official Title and Summary

Prepared by the Attorney General

Indian Gaming Compacts. Referendum.

A “Yes” vote approves, and a “No” vote rejects, a statute that:

- Ratifies tribal gaming compacts between the state and the North Fork Rancheria of Mono Indians and the Wiyot Tribe.
- Omits certain projects related to executing the compacts or amendments to the compacts from scope of the California Environmental Quality Act.

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

- One-time payments between \$16 million and \$35 million from the North Fork tribe to local governments in the Madera County area to address costs related to the operation of a new casino.
- Annual payments over a 20-year period averaging around \$10 million from the North Fork tribe to the state and local governments in the Madera County area to address costs related to the operation of a new casino.
- Increased revenue from economic growth in the Madera County area generally offset by revenue losses from decreased economic activity in surrounding areas.

Analysis by the Legislative Analyst

Background

In June 2013, the Legislature passed AB 277, which approves gaming compacts between the state and the North Fork Rancheria of Mono Indians and the Wiyot Tribe. Under the State Constitution, enacted legislation can generally be placed before voters as a referendum to determine whether it can go into effect. This proposition is a referendum on AB 277. If voters approve Proposition 48, the gaming compacts between the state and the two tribes would go into effect.

Indian Gaming in California

Federal Authorization. Indian tribes possess special status under federal law. Specifically, tribes have certain rights to govern themselves without interference from states. As a result, state regulation of tribal casinos and other activities is generally limited to what is authorized under (1) federal law and (2) federally approved agreements between tribes and a state. For example, federal law permits federally recognized tribes to operate casinos that offer certain types of games (such as slot machines) on Indian land in

states that allow such games. The federal government generally defines Indian lands as reservation lands or lands held in trust by the U.S. for the benefit of an Indian tribe. However, federal law generally prohibits gaming on land that was obtained and put into trust for an Indian tribe after October 17, 1988. There are some exceptions to this rule. For example, gaming on newly obtained land is allowed if the federal government determines that gaming on the land is in the best interest of the tribe and would not be harmful to the surrounding community. The Governor of the state where the land is located must formally agree with the federal government’s decision.

When a tribe wants to offer gaming on its land, federal law requires that the state negotiate a contract (known as a “tribal-state compact”) with the tribe that specifies how gaming will be conducted and regulated. This compact must be approved by the federal government.

State Authorization and Regulation. Proposition 1A, approved by California voters in 2000, amended the State Constitution to allow Indian tribes to offer slot machines, lottery games,

and certain types of card games on Indian land. Under Proposition 1A, a tribe can open a casino that offers these games if (1) the Governor and the tribe reach agreement on a compact, (2) the Legislature approves the compact, and (3) the federal government approves the compact. To date, the Governor, Legislature, and federal government have approved compacts with 72 of the state's 109 federally recognized tribes. Currently, 58 tribes operate 59 casinos.

Compacts between the state and tribes specify how the state may regulate tribal casinos. For example, compacts typically allow state officials to visit casino facilities, inspect casino records, and verify that tribes are meeting the requirements of their compacts. In addition, the compacts generally require tribes to make certain payments to the state for specific purposes. These payments are primarily made to two state government funds:

- **Revenue Sharing Trust Fund (RSTF).** Funds deposited into the RSTF do not support any state programs. Rather, the funds are currently distributed to the 73 federally recognized Indian tribes in the state that either do not operate casinos or operate casinos with less than 350 slot machines. Each of these tribes can receive \$1.1 million annually from the fund.
- **Special Distribution Fund (SDF).** Funds deposited into the SDF are used for various purposes related to gaming, including: (1) ensuring that the required payments from the RSTF are made, (2) funding programs to assist people with gambling problems, (3) paying the state's costs to regulate tribal casinos, and (4) making grants to local governments affected by tribal casinos.

Recent North Fork and Wiyot Compacts

The state recently negotiated compacts with two tribes. The compact with North Fork allows them to begin gaming in Madera County. The compact

with Wiyot prevents gaming on their tribal land in Humboldt County, but allows the tribe to receive a portion of the revenue generated by North Fork's casino.

Approval of Gaming on North Fork Site. In 2005, North Fork submitted a request to the federal government to acquire and put into trust approximately 305 acres of land in Madera County for the purpose of gaming. (This land is located approximately 38 miles from the tribe's reservation.) In 2011, the federal government determined that gaming on this proposed site would be in the best interest of the tribe and would not be harmful to the surrounding community. The Governor formally agreed with the decision of the federal government in August of 2012. The land was placed into federal trust later that year.

Governor and Legislature Approved Compacts. As required under federal law, the Governor negotiated and signed tribal-state compacts with (1) North Fork on August 31, 2012 and (2) Wiyot on March 20, 2013. Each compact would be in effect for 20 years—until December 31, 2033. In June 2013, the Legislature passed AB 277, which approves both compacts as well as various memoranda of understanding (MOUs) between North Fork and the state and local governments. The Governor signed the bill in July 2013.

Federal Government Approved Compacts. Upon approval of AB 277, the federal government issued final approval of the North Fork compact on October 22, 2013 and the Wiyot compact on September 6, 2013.

Compacts and MOUs Put on Hold by Referendum. Assembly Bill 277 would have taken effect on January 1, 2014. However, because of this proposition, a referendum on AB 277, the bill was put "on hold" prior to becoming effective. If voters approve Proposition 48, the gaming compacts between the state and the two tribes would go into effect.

Proposal

If approved, this proposition would allow AB 277, the tribal-state compacts with North Fork and Wiyot and the MOUs between the tribe and various governmental agencies, to go into effect. This would allow North Fork to move forward with the construction and operation of a new casino. Wiyot would also be prohibited from conducting gaming on their tribal lands. Additionally, any state or local governmental agency that assists in the construction of the North Fork casino (such as through the construction of a road to the casino) would be exempt from certain state environmental regulations.

48 If this proposition is rejected by voters, North Fork would not be able to move forward with the construction and operation of a new casino unless a new compact was approved by the state and federal governments. Wiyot would be free to negotiate a new compact with the state for gaming activities on its tribal lands.

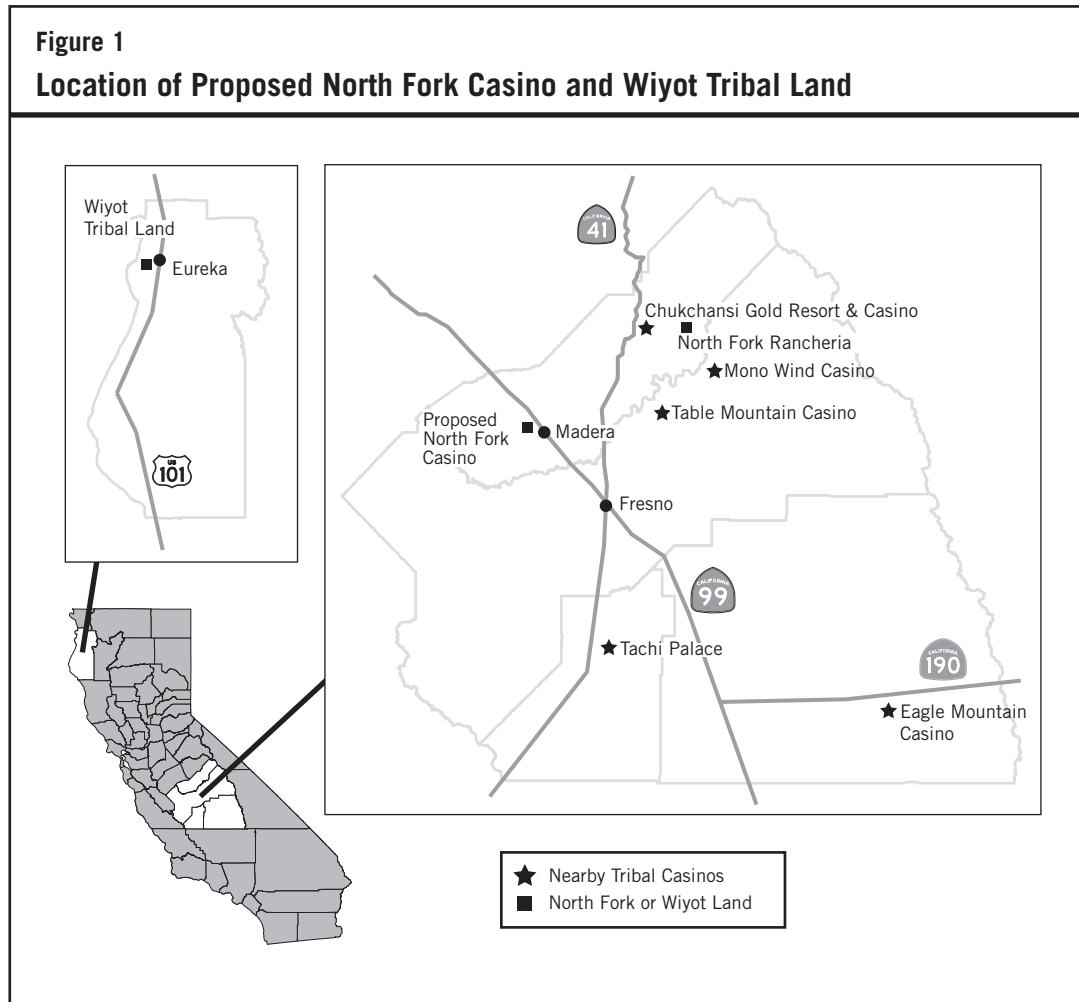
Below, we discuss the major provisions of the specific compacts and the related MOUs.

North Fork Tribe May Build and Operate Casino. The North Fork compact allows the tribe to build and operate a casino with up to 2,000 slot machines on the land that was accepted into federal trust for gaming. The casino would be located west of State Highway 99 in Madera County, as shown in Figure 1. There are a number of other tribal casinos and non-tribal cardrooms near the proposed site. Of the nearby tribal casinos, three of them operate a similar number of slot machines as planned for the North Fork casino. If in the future the state allows another Indian tribe within a 60-mile radius of the North Fork site to operate more than 2,000 slot machines, the North Fork tribe would be permitted to operate this higher number of slot machines.

Wiyot Tribe May Not Build a Casino. Wiyot owns land near the Humboldt Bay National Wildlife Refuge. The state expressed concern in the Wiyot compact that a casino on this land would have a negative environmental impact. Accordingly, the compact prohibits gaming activities on the tribe's land. In exchange, Wiyot would receive 2.5 percent to 3.5 percent of annual slot machine net revenue from the North Fork casino. (The actual percentage would depend on the amount of slot machine net revenue created by the casino.) North Fork estimates that it would pay Wiyot on average around \$6 million annually over the 20 years of the compact. The Wiyot compact also includes various administrative and legal provisions related to payments made to the tribe.

Payments to the State. The North Fork compact requires the tribe to make annual payments to the RSTF. The actual payments would depend on the casino's annual slot machine net revenue and the total amount of payments made by North Fork to other state entities, local governments, and tribes. North Fork estimates that total payments to the RSTF would average about \$15 million annually over the life of the compact. All of this funding would be allocated directly to other California tribes. The compact also requires North Fork to make payments to the SDF, primarily to cover increased state regulatory and problem gambling costs. In addition, upon the negotiation of an agreement with North Fork, the California Department of Transportation (Caltrans) would also receive payment for any transportation-related services provided. North Fork estimates that payments to the SDF and Caltrans would average about \$1.5 million a year over the life of the compact.

Payments to Local Governments. The compact and the associated MOUs require North Fork to make one-time and annual payments to local governments in the Madera County area to offset potential impacts of the casino on the local



community. (For more detailed information regarding these payments, please see the nearby box.)

Payments to Other Tribes. As discussed above, the North Fork compact specifies that Wiyot would receive a portion of North Fork's net slot machine revenue. In addition, in recognition of a potential economic impact of the new casino upon the nearby Chukchansi Gold Resort and Casino, the compact requires (1) payments to the Picayune Rancheria of the Chukchansi Indians through June 30, 2020 (estimated by North Fork to total around \$25 million), and (2) North Fork to delay the opening of any hotel at the casino until after July 1, 2018. However, North Fork would only have to comply with these requirements if

Chukchansi does not challenge (such as through lobbying or through the courts) North Fork's ability to open a casino on the proposed site. Given that Chukchansi has challenged the compact in various ways, it appears that these requirements will not apply.

Other Requirements. The North Fork compact includes numerous requirements concerning casino operations. For example, there are requirements for licensing employees and suppliers, testing gaming devices, and having programs that help individuals gamble responsibly. In addition, the compact allows the tribe to take one of two actions if the state authorizes non-tribal entities to operate slot machines. Specifically, the tribe could (1) stop gaming and making the

Local Government Payments

The North Fork Rancheria of Mono Indians negotiated and signed memoranda of understanding (MOUs) with three local governmental entities. These MOUs require the tribe to make payments after construction of the casino to (1) offset potential impacts from the casino on the community (such as increased costs for additional law enforcement or for transportation improvements) and (2) support various services or programs (such as the maintenance of parks or job training programs). These agreements are with:

- **County of Madera.** This MOU requires one-time payments to the county ranging between \$6.9 million and \$17.9 million and annual payments over the life of the compact of \$3.8 million once the casino opens. These payments would be adjusted each year for inflation until paid. The MOU also includes a goal for the tribe of hiring 50 percent of casino employees from residents of the county.
- **City of Madera.** This MOU requires one-time payments to the city ranging between \$6.3 million and \$10.3 million and annual payments over the life of the compact of \$1.1 million once the casino opens. Similar to the county MOU, the one-time and ongoing payments would be adjusted for inflation. The MOU also includes a goal for the tribe to hire 33 percent of casino employees from residents of the city.
- **Madera Irrigation District.** This MOU requires annual payments of \$47,500. The MOU also includes provisions for additional payment if more water is used by the casino than expected.

In addition, the North Fork compact requires the tribe to either (1) make annual payments to other local governments within 25 miles of the North Fork casino that are negatively impacted or (2) deposit these funds into the Revenue Sharing Trust Fund. North Fork estimates that these payments would average about \$3.5 million a year over the life of the compact.

specific payments discussed above or (2) continue gaming and negotiate reduced payments.

Fiscal Effects

The fiscal effects of the compacts and associated MOUs on the state and local governments would depend on several factors, including:

- The size and type of casino opened in Madera County.
- The extent to which the new casino impacts other California tribal and non-tribal businesses—including other gaming facilities.
- The way certain requirements in the compact and MOUs are implemented.

Thus, there is some uncertainty regarding the fiscal effects on the state and local governments discussed below.

State and Local Government Impacts

As described earlier, North Fork would make various payments to the state and specified local governments. These revenues generally would be used to address costs related to the operation of the new casino in Madera County.

State Impacts. Under the North Fork compact, the tribe would make annual payments into the SDF that are expected to cover its share of actual state regulatory, problem gambling, and other costs. In addition, North Fork would pay Caltrans for any transportation-related services provided

under agreement with the tribe. These payments would average about \$1.5 million annually over the life of the compact.

Local Government Impacts. After adjusting for inflation, we estimate that Madera County and the City of Madera would likely receive between \$16 million and \$35 million in one-time payments from North Fork for specified services. Similarly, Madera County, the City of Madera, and the Madera Irrigation District would receive about \$5 million in annual payments once the casino opens through the end of the compact. In addition, other local governments could receive \$3.5 million annually over the life of the compact.

State and Local Government Revenues

Impact on Revenues. The spending on gaming at a new casino generally comes at the expense of: (1) other spending on gaming (for example, at nearby casinos or cardrooms or on the state lottery) or (2) other discretionary sources of spending (such as on movies and eating out). These shifts in spending can result in reduced revenues received by the state and local governments.

- **Reduced Gaming-Related Revenues.** The state and local governments currently receive revenues from other forms of gaming—such as the California Lottery, horse racing, and cardrooms. Expanded gaming on tribal lands could reduce these other sources of state and local revenues. In addition, the new North Fork casino would

attract customers who otherwise would go to other California tribal casinos. These other tribes would receive fewer revenues from their casinos and could pay less to the state under the terms of their compacts.

- **Effects on Taxable Economic Activity.** Californians would spend more of their income at tribal facilities, which are exempt from most types of state and local taxes. This means Californians would spend less at other businesses that *are* subject to state and local taxes—for example, hotel, restaurant, and entertainment businesses off tribal lands. This would result in reduced tax revenues for the state and local governments.

These potential revenue reductions would not be significant.

Local Economic Effects. The opening of North Fork's new casino would result in people coming to Madera County from outside the area to gamble and purchase goods and services. This spending would occur both on tribal lands and in surrounding communities. Additionally, the tribe would likely hire employees for the facility who would also purchase goods and services within the county. As a result, local governments in Madera County would likely experience a growth in revenues from increased economic activity. These increased revenues would generally be offset by revenue losses from decreased economic activity in surrounding counties.

Visit <http://cal-access.sos.ca.gov> for details about money contributed in this contest.

★ Argument in Favor of Proposition 48 ★

VOTE YES ON PROPOSITION 48—HELP CREATE THOUSANDS OF JOBS, GENERATE STATE AND LOCAL REVENUES, RESPECT LOCAL CONTROL, AND PROTECT SCENIC WILDLIFE AREAS—AT NO COST TO STATE TAXPAYERS.

Proposition 48 affirms two Compacts negotiated by the Governor, ratified by a bipartisan majority of the State Legislature, and supported by local, state, and federal officials that allow the North Fork Tribe near Yosemite and the Wiyot Tribe near Humboldt Bay to create a single project on Indian land in the Central Valley that will:

- Create thousands of jobs • Generate business opportunities and economic growth in high unemployment areas • Retain local control for a strongly-supported community project • Share revenues with state and local governments and non-gaming tribes • Promote tribal self-sufficiency • Avoid potential development in environmentally sensitive regions • Be located on North Fork Tribe's federally-held historical land

VOTE YES—HELP CREATE THOUSANDS OF GOOD-PAYING JOBS

The project will create over 4,000 jobs as the result of hundreds of millions of dollars in private investment, boosting state and local economies.

"Voting YES guarantees good jobs for Californians and new economic opportunities for one of our state's poorest regions."—Robbie Hunter, President, California State Building & Construction Trades Council

"We support the North Fork gaming compact to help bring jobs and business to Madera, Fresno, and the entire San Joaquin Valley."—Central California Hispanic Chamber of Commerce

VOTE YES—SUPPORT LOCAL CONTROL, PUBLIC SAFETY, AND OPPORTUNITY FOR THE CENTRAL VALLEY

Voting YES provides crucial funding for public safety, schools, parks, roads and other public services.

"This project will fund local sheriff, police, fire, and other first responders."—Sheriff John Anderson, Madera County

"Our region will benefit economically from this project. We can't allow New York hedge-fund operators with financial ties to a competing casino to determine our economic future. Vote YES to protect local control."—Tom Wheeler, Chairman, Madera County Board of Supervisors

VOTE YES—PROMOTE TRIBAL SELF-SUFFICIENCY

Voting YES helps California's tribes help themselves—without costing state taxpayers anything. It strengthens the State's budget by providing hundreds of millions of dollars in revenue sharing funds for non-gaming tribes, thereby reducing the State's potential financial liability.

"Tribes throughout California support these agreements. They provide the state with much-needed revenues and provide smaller, non-gaming tribes funding to help Native people become self-reliant."—Will Micklin, Executive Director, California Association of Tribal Governments

VOTE YES—PROTECT CALIFORNIA'S MOST SCENIC WILDLIFE AREAS

A YES vote avoids potential casino construction in the Sierra foothills near Yosemite and near the Humboldt Bay National Wildlife Refuge.

"A yes vote on Proposition 48 protects two of California's most environmentally precious areas."—Dan Cunning, Yosemite Sierra Visitors Bureau

THE PROPOSITION 48 COMPACTS ARE SUPPORTED BY A BROAD STATEWIDE COALITION, INCLUDING:

- Governor Edmund G. Brown Jr. • California State Building & Construction Trades Council • Central California Hispanic Chamber of Commerce • City of Madera Police Officers Association • California Association of Tribal Governments

For a complete list of supporters visit www.VoteYES48.com

CREATE JOBS. GROW THE ECONOMY. RESPECT LOCAL CONTROL. GENERATE STATE AND LOCAL GOVERNMENT REVENUES. SAFEGUARD CALIFORNIA'S ENVIRONMENT.

VOTE YES ON PROPOSITION 48.

www.VoteYES48.com

Edmund G. Brown Jr., Governor
State of California

Tom Wheeler, Chairman
Board of Supervisors, Madera County

Robbie Hunter, President
State Building & Construction Trades Council of California

★ Rebuttal to Argument in Favor of Proposition 48 ★

VOTE NO ON PROP. 48. It would allow the North Fork Tribe to build a massive off-reservation, Vegas-style casino in Madera County.

As a Madera County Supervisor, I oppose this casino in my community.

North Fork's reservation land is over an hour's drive from the proposed location, but they want to build a casino with 2,000 slot machines here because it is closer to major freeways and Central Valley communities. It won't create jobs; it will only siphon them from area businesses and existing casinos.

Years ago when Californians approved Indian gaming, we were told there would be a limited number of casinos built on original reservation land.

Prop. 48 breaks that promise.

Until now, dozens of tribes have played by these rules, but Prop. 48 would allow the first off-reservation casino and would start a wave of casino projects across California.

United States Senator Dianne Feinstein opposed this proposed off-reservation casino. In an opposition letter sent to Governor Jerry Brown she said:

"... with the market already saturated, tribes from rural areas are 'reservation shopping' for casinos in more densely populated areas to obtain a better share of the market. This cannot be allowed to happen; enough is enough."

I agree with Senator Feinstein. VOTE NO ON PROP. 48.

I love my community and building a mega-casino that will bring more traffic, pollution and crime is just wrong.

VOTE NO ON PROP. 48 to STOP off-reservation, Vegas-style casinos in all of our neighborhoods.

David Rogers, Madera County Supervisor

★ Argument Against Proposition 48 ★

VOTE NO ON PROP. 48. Keep Indian gaming on tribal reservation land only.

Years ago, California Indian Tribes asked voters to approve limited casino gaming on Indian reservation land. They promised Indian casinos would ONLY be located on the tribes' original reservation land. PROP. 48 BREAKS THIS PROMISE.

While most tribes played by the rules, building on their original reservation land and respecting the voters' wishes, other tribes are looking to break these rules and build casino projects in urban areas across California. VOTE NO ON PROP. 48 TO STOP RESERVATION SHOPPING. Prop. 48 would approve a controversial tribal gaming compact that would allow the North Fork Tribe to build an off-reservation, Vegas-style 2,000 slot-machine casino more than an hour's drive from the tribe's established reservation land, closer to major freeways and Central Valley communities.

PROP. 48 WILL START A NEW AVALANCHE OF OFF-RESERVATION CASINO PROJECTS. There are already over 60 casinos in California. Enough is enough. Vote No on Prop. 48.

Newspapers called for the rejection of this controversial Indian gaming compact:

"While most casinos are still in remote locations, a new push by tribes to purchase additional land at lucrative freeway locations threatens to kick off a whole new casino boom." *Fresno Bee*, 4/21/13

"This year, it's the North Fork tribe. Others are lined up in the wings to make their bids to build casinos in urban areas." *Bakersfield Californian*, 9/4/13

"Voters were assured (their approval of gaming) wouldn't trigger a casino boom and that casinos would only be built on recognized Indian territory." *San Diego Union-Tribune*, 8/11/13

"Now, two casino proposals could open the door to a new era of Indian gaming in the state . . . which would make these the state's

first Indian casinos located off existing reservations." *Los Angeles Times*, 8/19/12

PROP. 48 IS A BAD DEAL FOR CALIFORNIA. Unlike prior Indian gaming compacts this deal provides NO money for California's schools and NO additional money for our state general fund.

PROP. 48 DOESN'T CREATE NEW JOBS. The proposed new casino will simply take resources and jobs from nearby casinos and businesses.

Prop. 48 is a bad deal for California, but a great deal for the wealthy Las Vegas casino operator who will run the casino. It hired high-priced lobbyists and spent heavily on trying to build off-reservation casinos in California. It has been accused of unfair labor practices and fined by the Nevada Gaming Commission and the Missouri Gaming Commission.

PROP. 48 DOESN'T PROTECT THE ENVIRONMENT. It is opposed by Central Valley businesses, farmers, and community leaders because it means MORE air pollution, MORE traffic, and the loss of open space. It also creates a greater burden on an already limited water supply.

Vote No on Prop. 48. STOP Vegas-style casinos in our neighborhoods and STOP the avalanche of new off-reservation casinos. Join us and Vote NO on Prop. 48. Read more at www.StopReservationShopping.com

Henry Perea, Fresno County Supervisor

Manuel Cunha, Jr., President
Nisei Farmers League

Gary Archuleta, Tribal Chairman
Mooretown Rancheria

★ Rebuttal to Argument Against Proposition 48 ★

DON'T BE MISLED BY OPPONENTS OF PROPOSITION 48! NO ON 48 WAS PAID FOR BY WALL STREET HEDGE FUNDS AND RICH GAMING TRIBES TRYING TO STOP LEGITIMATE COMPETITION.

Even Cheryl Schmit, who filed this referendum and now leads the NO ON 48 campaign, recognized the merits of this project site—BEFORE SHE STARTED WORKING FOR THE OPPONENTS:

"This is not reservation shopping . . . This is the state exercising its authority to locate gaming where it is wanted."—Cheryl Schmit, Stand Up For California!, *San Diego Union-Tribune*, 2/4/06.

VOTE YES ON PROPOSITION 48—UPHOLD TWO COMPACTS THAT PROVIDE SIGNIFICANT BENEFITS AND PROTECTIONS FOR CALIFORNIANS BY AUTHORIZING A SINGLE PROJECT ON FEDERALLY-HELD INDIAN LAND THAT WILL:

- CREATE THOUSANDS OF GOOD-PAYING JOBS • GENERATE ECONOMIC GROWTH FOR ONE OF CALIFORNIA'S POOREST REGIONS • RETAIN LOCAL CONTROL FOR A PROJECT WIDELY SUPPORTED BY THE COMMUNITY • PROMOTE TRIBAL SELF-RELIANCE FOR TWO OF CALIFORNIA'S LARGEST TRIBES
- HELP PROTECT TWO ENVIRONMENTALLY SENSITIVE AREAS

Governor Brown, a supporter of Yes on 48, agrees that the North Fork Tribe has a "significant historical connection with the land" and that the approval process which "lasted more than seven years" was "extremely thorough."

Governor Brown called the "No on 48" effort to overturn his compacts "unfortunate" and about "money and competition."

JOIN OTHERS SUPPORTING PROPOSITION 48 COMPACTS:

- California Democratic Party • Assemblyman Frank Bigelow, former President, California State Association of Counties • California Association of Tribal Governments • City of Madera Police Officers Association • UNITE HERE!, representing more than 49,000 California workers

VOTE YES ON PROPOSITION 48.

www.voteYes48.com

Robbie Hunter, President

State Building & Construction Trades Council of California

John Anderson, Sheriff
Madera County Sheriff's Office

Debi Bray, President
Madera Chamber of Commerce

On August 11, 2014, Proposition 49 was removed from the ballot by order of the California Supreme Court.

Legislative and Congressional Candidate Statements

This voter guide includes information about statewide ballot measures and state candidates. Each member of the State Senate, Assembly, and U.S. House of Representatives serves/represents voters in only one or a few counties, so candidate statements for those offices may be available in your county sample ballot booklet.

For the final certified list of candidates, which was due after this guide was published, go to www.sos.ca.gov/elections/elections_cand.htm.

Top Contributors to Statewide Candidates and Ballot Measures

When a committee supports or opposes a ballot measure or candidate and raises at least \$1 million, the committee must report its top 10 contributors to the California Fair Political Practices Commission (FPPC). The committee must update the top 10 list when there is any change. These lists are available on the FPPC website at www.fppc.ca.gov/top10Nov2014 or www.fppc.ca.gov/candidateNov2014.

Voter Registration

You are responsible for updating your voter registration information if you change your name, change your home address, change your mailing address, or want to change or select a political party.

Registering to vote is easier than ever with the online form at RegisterToVote.ca.gov. Voter registration applications are also available at most post offices, libraries, city and county government offices, and the California Secretary of State's office.

For Voters with Disabilities

The California Secretary of State produces audio and large-print versions of this voter guide to ensure voters who are blind or visually impaired have access to statewide ballot information. To order any version of this voter guide at no cost, call the Secretary of State's toll-free Voter Hotline at (800) 345-8683 or visit www.sos.ca.gov. A downloadable audio MP3 version is at www.voterguide.sos.ca.gov/en/audio.

State Candidates List and Voluntary Campaign Spending Limits

California law includes voluntary spending limits for candidates running for state office (not federal office). Candidates for Governor, Lieutenant Governor, Secretary of State, Controller, Treasurer, Attorney General, Insurance Commissioner, Superintendent of Public Instruction, and Board of Equalization who choose to keep their campaign expenses under specified dollar amounts may buy space for a candidate statement (up to 250 words) in this voter guide.

In the candidate list on this page, an asterisk (*) designates a candidate who accepted California's voluntary campaign spending limits and therefore has *the option* to buy space for a candidate statement in this voter guide. (Some eligible candidates choose not to buy space for a candidate statement.)

Candidate statements are on pages 51–61 of this voter guide.

The voluntary spending limit for candidates for Governor in the November 4, 2014, General Election is \$13,610,000.

The voluntary spending limit for candidates for Lieutenant Governor, Secretary of State, Controller, Treasurer, Attorney General, Insurance Commissioner, and Superintendent of Public Instruction in the November 4, 2014, General Election is \$8,166,000.

The voluntary spending limit for candidates for the Board of Equalization in the November 4, 2014, General Election is \$2,041,000.

The following list of candidates for state office is current through August 11, 2014—the end of the public display period required for this voter guide. For the final certified list of candidates, which was due after this guide was published, go to www.sos.ca.gov/elections/elections_cand.htm.

Governor

Edmund G. “Jerry” Brown	Democratic
Neel Kashkari	Republican

Lieutenant Governor

* Ron Nehring	Republican
Gavin Newsom	Democratic

Secretary of State

* Alex Padilla	Democratic
* Pete Peterson	Republican

Controller

Ashley Swarengin	Republican
* Betty T. Yee	Democratic

Treasurer

* John Chiang	Democratic
* Greg Conlon	Republican

Attorney General

* Ronald Gold	Republican
Kamala D. Harris	Democratic

Insurance Commissioner

* Ted Gaines	Republican
* Dave Jones	Democratic

Board of Equalization

District 1

* Chris Parker	Democratic
* George Runner	Republican

Board of Equalization

District 2

* Fiona Ma	Democratic
* James E. Theis	Republican

Board of Equalization

District 3

* Jerome E. Horton	Democratic
* G. Rick Marshall	Republican

Board of Equalization

District 4

* Diane L. Harkey	Republican
* Nader Shahatit	Democratic

Superintendent of Public Instruction

* Tom Torlakson	Nonpartisan
* Marshall Tuck	Nonpartisan

Candidate Statements

★ Governor ★

- As the state's chief executive officer, oversees most state departments and agencies, and appoints judges.
 - Proposes new laws, approves or vetoes legislation, and submits the annual state budget to the Legislature.
 - Mobilizes and directs state resources during emergencies.
-

No statements were submitted by the candidates running for the office of Governor.

★ Lieutenant Governor ★

- Assumes the office and duties of Governor in the case of impeachment, death, resignation, removal from office, or absence from the state.
 - Serves as president of the State Senate and has a tie-breaking vote.
 - Chairs the Economic Development Commission, is a member of the State Lands Commission, and sits on the boards of the California university systems.
-

No statements were submitted by the candidates running for the office of Lieutenant Governor.

Candidate Statements

★ Secretary of State ★

- As the state's chief elections officer, oversees statewide elections and provides public access to campaign and lobbying financial information.
 - Maintains certain business filings, authenticates trademarks, regulates notaries public, and enables secured creditors to protect their financial interests.
 - Preserves California's history by acquiring, safeguarding, and sharing the state's historical treasures.
-

Pete Peterson
Republican

P.O. Box 662
Camarillo, CA 93011

(323) 450-7536
campaign@petesos.com
www.petesos.com

I am running for Secretary of State because I know firsthand the office should be doing so much more to lead the fight in making California's government more transparent, less corrupt, and more accountable to voters and small businesses. *Experienced leader:* As the Executive Director of the non-partisan Davenport Institute for Public Engagement at Pepperdine University, I have travelled across this state training and consulting with local governments, making them more transparent and responsive to the public. *End the corrupt cycle:* Sacramento has become a merry-go-round for career politicians who use their power to move up the political ladder instead of helping Californians. I am not a politician, and my résumé uniquely prepares me to reform this particular office. I will bring my background in civic engagement and private sector experience to Sacramento to increase informed participation, while protecting the integrity of our ballot box. *Get jobs and businesses back:* California has lost more jobs than any other state since the beginning of the recession. It's one of the toughest states to start or grow a small business. As a former small business owner with technology experience, I will enable online business registration and filings, and fight to reduce the outrageous Business Franchise Tax. Government works when it's accountable to its citizens. I humbly ask for your vote so I can deliver this change.

Alex Padilla
Democratic

969 Colorado Blvd., Suite 103
Los Angeles, CA 90041

(818) 253-9140
ideas@alex-padilla.com
www.alex-padilla.com

Alex Padilla knows how to *reach across party lines* to get things done, working with both parties to *pass 80 laws* from improving education to protecting patients. He *championed renewable energy*, so by 2020, one-third of California's electricity will come from renewables. *Firefighters, police officers and nurses support Padilla* because he's dedicated to keeping all our communities safe, passing a law to prohibit felons from buying body armor. As Secretary of State, Alex Padilla will be just as effective. *He'll help businesses create jobs.* Businesses have waited months for approval from the Secretary of State to begin operations. Padilla will ensure new businesses can file online and begin operating within 5 business days. He'll *modernize voting* so we can vote when and where it's convenient. Padilla will *inspire young people*, visiting high schools to encourage 18-year-olds to register and vote. Padilla supports *weekly reporting of campaign contributions*, so voters know who is funding campaigns. Padilla will *audit the Secretary of State's office* to ensure taxpayer money is being spent wisely, efficiently, and getting results. He'll work to *restore the Voting Rights Act* so every citizen can vote without intimidation. Padilla's parents were immigrants. His father worked as a cook and his mother cleaned houses, and they taught him that anything is possible. Alex earned a scholarship to the Massachusetts Institute of Technology, graduating with an engineering degree. Alex Padilla knows government doesn't have all the answers, and that's why he's visiting with voters in every California county.

The order of the statements was determined by lot. Statements on this page were supplied by the candidates and have not been checked for accuracy. Each statement was voluntarily submitted by the candidate and is printed at the expense of the candidate. Candidates who did not submit statements could otherwise be qualified to appear on the ballot.

Candidate Statements

★ Controller ★

- As the state's chief fiscal officer, serves as the state's accountant and bookkeeper of all public funds.
 - Administers the state payroll system and unclaimed property laws, and conducts audits and reviews of state operations.
 - Serves on the Board of Equalization, the Board of Control, and other boards and commissions.
-

Betty T. Yee
Democratic

381 Bush Street, Suite 300
San Francisco, CA 94104

(415) 692-3556
info@bettyyee.com
www.bettyyee.com

California needs a Controller who has extensive finance experience, is tough yet fair, and serves with the highest degree of transparency and accountability. A recognized expert in state budgets and fiscal policy, Betty Yee has deep knowledge of tax policy, bond oversight, cash management, and financial audits of state programs. Betty Yee will bring tough-minded fiscal discipline to the office of Controller, California's independent watchdog over misspending and waste of public funds. As a Board of Equalization Member, Betty Yee safeguarded our tax dollars, called out wasteful spending, and cracked down on the underground economy where unscrupulous businesses harm law-abiding taxpayers. Betty Yee's proven record of fairness includes making online retailers pay taxes on sales in California just like local merchants do; providing tax equity for same-sex couples; and updating tax rules to promote good jobs in a green economy. Betty Yee increased transparency and accountability at the Board, making it more responsive to individual taxpayers, businesses, and constituents, and increasing public access to non-confidential tax information. Extraordinarily well qualified, Betty Yee holds a Master's Degree in Public Administration and served as Chief Deputy Director for Budget in the California Department of Finance. Betty Yee is proudly endorsed by California's classroom teachers, nurses, the Sierra Club, and the California National Organization for Women (NOW). Betty Yee will be a Controller who fights for California's families. California needs Betty Yee to serve as its next Controller. For more information: www.bettyyee.com.

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Candidate Statements

★ Treasurer ★

- As the state's banker, manages the state's investments, and administers the sale of state bonds and notes.
 - Serves on several commissions, most of which are related to the marketing of bonds.
 - Pays out state funds when spent by the Controller and other state agencies.
-

Greg Conlon
Republican

3875 Bohannon Dr.
P.O. Box 2600
Menlo Park, CA 94026

(916) 850-2782
greg@gregconlon.com
www.gregconlon.com

As a businessman, CPA and veteran pilot of the United States Air Force, I will be the independent fiscal watchdog our state needs to manage its finances. Californians deserve better from their Sacramento government, a place desperately in need of fresh faces and bold ideas. In fact, just a few months ago a scathing audit of the State Controller's office revealed a shocking \$31 billion in errors, mistakes and miscalculations; a total greater than the combined GDB of Iceland and Jamaica. Accounting errors and lack of oversight could cost taxpayers severely, but with this election we have a chance to fight back. If elected State Treasurer, I'll fight to keep money, jobs and hard working families here in California, and finally get our fiscal house in order. I have extensive financial experience in both the public and private sectors, working as a Senior Partner in a Big 5 Accounting Firm, and serving as President of the California Public Utilities Commission, Commissioner on the California Transportation Commission and Chairman of the Finance Committee of the City of Atherton. My priorities include proposing and advocating for pro-growth tax policies to help attract individuals, families and businesses back to California after years of losing them to states with more favorable tax laws, improving California's credit rating which is now the second to last in the nation, and reducing the state's unfunded pension liabilities. Please join my fight for fiscal sanity and an improved economy by voting Greg Conlon for State Treasurer. www.gregconlon.com

John Chiang
Democratic

electjohnchiang@gmail.com
www.electjohnchiang.com

State Controller John Chiang has been California's independent watchdog safeguarding our tax dollars. As our next State Treasurer, John Chiang will continue his work to make government spending more transparent and accountable. John Chiang has saved state taxpayers billions of dollars by weeding out waste, fraud and abuse. John Chiang used his auditing authority to identify more than \$8 billion in taxpayer dollars that were being wasted or mismanaged. After the scandals in the City of Bell, John Chiang placed salaries online, to help residents identify abuses. John Chiang has returned \$3 billion in cash and more than 235 million shares of stock to millions of residents owed money by banks and corporations. John Chiang initiated audits on 40 life insurance companies, and is leading the charge to end the industry-wide practice of failing to pay death benefits to policy holders and beneficiaries. His settlement with 18 insurance companies requires that they return \$267 million in unpaid benefits to Californians and \$2.4 billion nationwide. John Chiang is a leader on pension and ethics reform. He rooted out pension spiking and is working to solve the state's looming crisis with unfunded medical expenses for state retirees. John Chiang's office provides free tax assistance to seniors and working families, saving them millions in tax refunds and credits. He hosts free seminars to help small businesses and non-profits navigate complex tax regulations. John Chiang has been our champion in state government. Keep John Chiang fighting for us, as California's next State Treasurer. <http://www.electjohnchiang.com>

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Candidate Statements

★ Attorney General ★

- As the state's chief law officer, ensures that state laws are enforced and investigates fraudulent or illegal activities.
 - Heads the Department of Justice, which provides state government legal services and represents the state in civil and criminal court cases.
 - Oversees law enforcement agencies, including county district attorneys and sheriffs.
-

Ron Gold
Republican

5264 Del Moreno Drive
Woodland Hills, CA 91364

(818) 610-8335
rongoldlaw@gmail.com
rongold.org

Join with your friends and neighbors to vote for Ron Gold for California Attorney General. Former Deputy Attorney General Ron Gold knows how to fight crime and corruption. California needs Republicans like Ron to guard against the corruption that comes with one party holding super-majorities in the Legislature and all the statewide offices. The Attorney General's office should do something for you. Ron will prosecute vigorously those sleazy nursing homes and dishonest care givers who abuse our elderly. Under Ron's California Consumer Protection Agency, those companies colluding on gas prices will be prosecuted. He'll fight for Californians to have honest products from honest companies. To ensure your privacy, Ron will enforce laws on unwanted telephone calls and spam while restricting the government from vacuuming up your emails and phone calls. Ron will toughen the laws on those who commit identity theft. Our undocumented immigrants, who have worked long and hard in our state, deserve the right to live without fear and have a chance to find a pathway to citizenship. But, we must maintain secure borders. Married for forty years, with two grown sons and a graduate from UCLA, Ron is committed to making California a better place to live and work. It's time for Californians to demand that the office of Attorney General not simply be a stepping stone to the governorship but a place where dedication and service should rule for the benefit of all Californians. Vote for a new kind of Republican. Vote for Ron Gold.

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Candidate Statements

★ Insurance Commissioner ★

- Heads the Department of Insurance, which enforces California insurance laws and adopts regulations to implement the laws.
 - Licenses, regulates, and examines insurance companies.
 - Answers public questions and complaints about the insurance industry.
-

Ted Gaines
Republican

ted@tedgaines.com
www.tedgaines.com

The Department of Insurance is broken. Failed leadership is driving businesses out of California and leaving consumers with higher costs and fewer choices. Instead of working to create more jobs, they only want to expand their own political power—with all of us paying the price. *As an independent insurance agent, I've been the ultimate consumer advocate for more than 30 years.* As Insurance Commissioner, I'll protect consumers and create a stronger jobs climate. We can do better. I respectfully ask for your vote. For more information, please visit www.tedgaines.com.

Dave Jones
Democratic

915 L Street #C124
Sacramento, CA 95814

(916) 349-4236
teamdavejones@gmail.com
www.davejones2014.com

Four years ago, Californians elected Dave Jones as Insurance Commissioner to fight for consumers and hold insurance companies accountable. *Dave Jones has saved consumers \$1.67 billion by rejecting excessive auto and homeowners insurance rates.* We need an Insurance Commissioner with the courage, integrity, and independence to fight to protect consumers. We need Dave Jones. *Dave Jones refuses to accept contributions or gifts from insurance companies.* He worked to provide health insurance to millions of uninsured Californians. He issued regulations to stop health insurers from discriminating against people with pre-existing conditions. He required health insurers to cover autistic children. Jones is leading the fight to require health insurers to justify their rates and reject excessive health insurance premium increases. When life insurance companies failed to pay beneficiaries, Jones led a national investigation and recovered hundreds of millions. Californians pay more when fraudsters scam insurance companies. Since Jones took office, this department has made over 2,450 arrests for fraud. Jones enacted regulations to protect seniors from scams. And he has investigated and helped prosecute criminals who prey on elders. Jones insists that insurers buy goods and services from California's diverse businesses and disabled veterans. Insurers must also now consider climate change impacts, thanks to Dave Jones. Jones has helped over 260,000 consumers with complaints about their insurance companies. He recovered \$207 million for consumers. *The Consumer Federation of California named Dave Jones a "Consumer Champion."* Insurance Commissioner Dave Jones fights for us. Vote for Dave Jones for Insurance Commissioner. Visit www.davejones2014.com.

The order of the statements was determined by lot. Statements on this page were supplied by the candidates and have not been checked for accuracy. Each statement was voluntarily submitted by the candidate and is printed at the expense of the candidate. Candidates who did not submit statements could otherwise be qualified to appear on the ballot.

Candidate Statements

★ Board of Equalization ★

Serves on the Board of Equalization, the state's elected tax commission, which:

- Oversees the administration of many tax and fee programs including those for sales, fuels, alcohol, cigarettes and tobacco.
 - Serves as the appellate body for California income tax and franchise tax cases.
 - Oversees the administration of property tax.
-

District 1

George Runner
Republican

43759 15th St. W, PMB25
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info@georgerunner.com
www.georgerunner.com

As your elected taxpayer advocate, I am working each and every day to protect the interests of you, the taxpayer. From defending Proposition 13 to fighting against tax increases on California families and businesses, I've stood firm against the special interests who want to take more of your money. That's why tax fighters like the *Howard Jarvis Taxpayers Association* and the *National Federation of Independent Business* support my re-election. We ended the government's requirement for a security deposit from new businesses, returning millions of dollars back to their rightful owners instead of tied up in a government account. We're also looking out for human rights by fighting the underground economy that undercuts legitimate business and promotes human trafficking. We're fighting the unfair and illegal "Fire Fee" tax targeting rural homeowners and senior citizens across California and when we win in court we'll return millions of dollars back to taxpayers. While in the Legislature, my accomplishments include Jessica's Law, which created the toughest sexual predator laws in the nation. I also authored California's Amber Alert, which has aided in more than 200 reunions of abducted children with their parents. Public safety is government's first duty to the public and I'm honored to have the endorsement of the California Association of Highway Patrolmen, the California State Sheriffs' Association and the CDF Firefighters. I would be honored to earn your support. Visit www.georgerunner.com to learn more about my mission to protect taxpayer rights and make California government more responsive and accountable to you.

Chris Parker
Democratic

P.O. Box 161527
Sacramento, CA 95816-1527

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chris@parkerforboe1.com
parkerforboe1.com

Californians need a fiscal watchdog on the Board of Equalization who will fight for accountability, protect our tax dollars, stand up to special interests, and fight tax cheats who game the system at the expense of working families. As a consumer advocate and tax professional, I fight for taxpayers and hold tax cheats accountable. I have settled over \$300 million in tax disputes for individuals, small businesses, and families quickly and efficiently, ensuring hard working taxpayers are treated fairly and corporations pay their share. As an educator, I teach business and employment law to aspiring entrepreneurs. I understand small businesses are the backbone of our economy and communities. On the Board of Equalization, I will make helping small businesses grow my top priority including cutting red tape and reducing filing costs. I will fight to level the playing field for working Californians. As a consumer advocate, I helped create a financial coaching program as a volunteer with United Way giving people the tools to achieve greater financial stability and elevate their station. I have dedicated my life to fighting for consumers and working families. As your Board Member, I will be a strong voice advocating for working families and small business owners—not powerful special interests. I will work to improve transparency, hold tax cheats accountable, and give small businesses tools to succeed. I will also work to phaseout the Fire Fee. Please join Doctors, Teachers, Nurses, and Small Business Owners in supporting my campaign for Board of Equalization.

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Candidate Statements

★ Board of Equalization ★

Continued

District 2

Fiona Ma
Democratic

1032 Irving Street #908
San Francisco, CA 94122

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fiona@fionama.com
www.fionama.com

Each year, California fails to collect eight billion dollars from the underground economy. This lack of revenue hurts hard-working Californians by shortchanging vital public service programs and hindering our economic recovery. As your Board of Equalization Member, I will put to use my 20 years of auditing and tax experience including my service as an Assessment Appeals Board Commissioner, Member of the San Francisco Board of Supervisors and California State Assemblymember to knock out tax fraud and the under-reporting of taxes that cost California billions. I have authored many tax-related bills to help businesses prosper and keep California competitive with other states. I earned a B.S. in Accounting, Master's Degree in Taxation, along with an MBA, and have been licensed in California as a Certified Public Accountant (CPA) since 1992 where I worked for a large public accounting firm and then started my own small accounting practice. My goal as your State Board of Equalization representative is to ensure that our Golden State has a just and efficient tax collection system in which everyone is treated fairly and equally. I would be honored to have your vote on November 4, 2014. Thank you.

James "Jim" Theis
Republican

301 McCloskey Road
Hollister, CA 95023

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jim@jimtheis.com
www.jimtheis.com

I was raised on a ranch in Montana, served honorably in the US Navy, and worked in law enforcement as a Deputy Sheriff. Currently, my wife and family live on an organic farm in rural San Benito County. I drive a pickup truck to work each day, and our children attend local public schools. We are just like most Americans that work hard, live clean and pay their taxes. *I am not a professional politician, and have never run for political office.* If elected, I promise to listen to your concerns and provide fair & equal treatment for all taxpayers. Please let me help you. I would appreciate your vote. Thank you.

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District 3

G. Rick Marshall
Republican

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Torrance, CA 90501

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ask@grickmarshall.com
www.grickmarshall.com

G. Rick Marshall is a strong supporter of Proposition 13, a recognized taxpayer advocate and is endorsed by the Howard Jarvis Taxpayers Association. *G. Rick Marshall* knows the impact of taxes on family budgets having worked almost a decade for CCH Computax, a leader in the tax preparation software. *G. Rick Marshall* will fairly administrate tax law without favoritism, deliver efficient government services, eliminate wasteful spending, penalize tax cheats—not honest mistakes—and return tax surpluses to taxpayers. *G. Rick Marshall* will vote to repeal unfriendly policies like charging sales tax on the full retail cost of cell phones, regardless of the price charged the buyer. He will protect consumers by voting to reduce the excise tax on gasoline to offset expected price increases when the cap and trade mandate is imposed on refiners. *G. Rick Marshall* will not accept the new 2% pay raise while California's economy is recovering and temporary sales and income tax increases are in effect. He knows every dollar Government spends is taken from a hardworking taxpayer. *G. Rick Marshall* serves on the City of Torrance Water Commission, raised money for Muscular Dystrophy, mentored young men and women through Junior Achievement and delivered Christmas presents with Project Angel Tree to children of prisoners. *G. Rick Marshall* will help people retain more of what they earn by keeping taxes low and government restrained so that the Free Enterprise System can help the poor escape poverty, lower consumer prices, and increase our standard of living.

Jerome E. Horton
Democratic

P.O. Box 90932
Los Angeles, CA 90009

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jehorton@sbcglobal.net
<http://boardofequalizationjehorton.com>

During these challenging times, it has been an incredible privilege to serve you as Chair of the Board of Equalization (BOE), and to be in position to use my 36 years of BOE, legislative, and financial experience—including 26 years with the Board of Equalization, to protect and serve Californians. I started with the Board as an 18-year-old intern and rapidly progressed to become an Executive Business Tax Law counselor, before joining the California State Legislature. I later served on the California Medical Assistance Commission and California Workforce Investment Board, fighting to improve access to health care, quality jobs, and educational opportunities. Elected to the BOE in 2010, as an architect of the Taxpayer's Bill of Rights, during my tenure we have helped 1.3 million entrepreneurs open, maintain, and grow their businesses and administered upwards of \$138 billion in revenue for state and local services. My anti-criminal business initiatives have helped to combat Human Trafficking, arrest 128 criminals operating illegally, and remove tons of illegal and unhealthy products off our streets. My Campaign Against Poverty has assisted thousands of California taxpayers recapture millions in tax refunds and credits and empowered nonprofits to help fight poverty. I am equally proud of my internship programs designed to provide our young people with training and employment opportunities. To learn about 32 additional Horton initiatives and other resources, please visit <http://boardofequalizationjehorton.com>. In closing, please join California Teachers, Firefighters, Nurses, Police, Taxpayers, and Small Businesses in supporting my re-election.

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Candidate Statements

★ Board of Equalization ★

Continued

District 4

Nader Shahatit
Democratic

28793 Beattie St.
Highland, CA 92346

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electnadersshahatit.com

I will be your problem solver by using my tax *experience working in the Board of Equalization* to bring *solutions* to complex tax issues.

Diane L. Harkey
Republican

31878 Del Obispo #118; PMB106
San Juan Capistrano, CA 92675

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diane@dianeharkey.com
www.dianeharkey.com

The Board of Equalization exists to help taxpayers resolve their differences with government agencies. As your elected representative, I will ensure your voice is heard and that you receive a fair hearing on matters relating to taxes and fees in the State of California. I will work to support individuals, families, and small business owners that need help due to complex and often confusing laws and regulations. Jobs and businesses are still fleeing to other states where it is easier to start up, grow, become profitable, and pay employees well. The Board of Equalization plays an important role in defining how taxes and regulations are implemented and enforced. I'll work with the other four members of the Board to develop a structure that creates a more competitive, user-friendly, and prosperous California that helps businesses thrive and create employment. With a healthy job market we can reduce your tax burden, California's "wall of debt," fund public safety, education, and services government should provide. In the Assembly, I led the fight against the wasteful high-speed rail plan, and developed a common sense approach to balancing the State budget, putting California back on a fiscally sustainable path. On the Board of Equalization, I'll work to get our economy moving and jobs returning to our State. Working together we can return the gold to California, and I would be honored to have your vote.

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Candidate Statements

★ Superintendent of Public Instruction (Nonpartisan Office) ★

- As the state's chief of public schools, provides education policy direction to local school districts, and works with the educational community to improve academic performance.
 - Heads the Department of Education and carries out policies set by the State Board of Education.
 - Serves as an ex-officio member of governing boards of the state's higher education system.
-

Marshall Tuck

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Culver City, CA 90232

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hello@marshalltuck.com
marshalltuck.com

California public schools need major changes to prepare students to compete in the global economy. Our schools rank 45th in the nation in reading and math—but Sacramento politicians are failing to make the crucial changes students need. *The politicians make too many education decisions*, instead of experts. The education bureaucracy wastes too much money and has too much control. I'm an educator, not a politician. *I have a proven record of turning around failing schools*. Leading 17 public schools in some of LA's toughest neighborhoods, we increased graduation rates by 60%. Our innovative "Parent College" became a national model for getting parents more involved. Over the last 5 years, *our schools ranked #1 in academic improvement* among California's large school systems. Previously, I led efforts to establish *9 successful new public charter schools*—which all outperformed local schools. As State Superintendent, I'll be an *independent advocate for parents and students*—not political insiders. I'll work to: (1) Get the politicians out of our schools—so educators & parents can do what's best for kids. (2) Cut the bureaucracy to get more money into classrooms and encourage innovation. (3) Get parents more involved. (4) Support public charter schools. (5) Make sure all students have effective teachers and principals and a college and career ready curriculum. Please read my plan at www.marshalltuck.com. See why parents, teachers, and California's major newspapers—liberal and conservative—endorsed our campaign. We can't accept mediocrity or failure. Vote for the change our students need.

Tom Torlakson

P.O. Box 21636
Concord, CA 94521

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tomtorlakson.com

As the *only California teacher and experienced superintendent* seeking this office, I know bold action is needed to strengthen our schools. My plan calls for *parents, teachers and schools themselves* to make education decisions rather than turning our schools over to Washington politicians or Wall Street speculators. It starts with *increasing parental involvement, expanding career and technical training, making college more affordable and investing in schools* to provide *smaller classes and strong academics*, including *art, music, drama* and the technology students need to graduate *ready for college*. Every student deserves great teachers, which is why we must improve teacher training and support, and remove—fairly—those not up to the job. I helped pass a law making it easier to dismiss teachers for misconduct or poor performance, and I made helping struggling teachers a priority. Because students also deserve safe schools, I helped pass laws to keep gangs, drugs and guns out of our schools. For more information, please read our Blueprint for Great Schools at www.tomtorlakson.com, created with parents, teachers and school officials. After three years on the job, there's still much work to do, but we're seeing real progress—the *highest graduation rates ever* and *rising test scores statewide*. I'm the only candidate supported by classroom teachers, nurses, firefighters, police officers and Sierra Club California, along with Democrats like Senator Dianne Feinstein and Republicans like Richard Riordan. *Let's keep working together to fulfill the promise of public education*, with a high-quality school in *every* neighborhood.

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The Electoral Procedure

For more information about Supreme Court Justices and Appellate Court Justices, visit www.courts.ca.gov.

California law requires the following information to be printed in this notice.

Under the California Constitution, justices of the Supreme Court and the courts of appeal are subject to confirmation by the voters. The public votes “yes” or “no” on whether to retain each justice.

These judicial offices are nonpartisan.

Before a person can become an appellate justice, the Governor must submit the candidate’s name to the Judicial Nominees Evaluation Commission, which is comprised of public members and lawyers. The commission conducts a thorough review of the candidate’s background and qualifications, with community input, and then forwards its evaluation of the candidate to the Governor.

The Governor then reviews the commission’s evaluation and officially nominates the candidate, whose qualifications are subject to public comment before examination and review by the Commission on Judicial Appointments. That commission consists of the Chief Justice of California, the Attorney General of California, and a senior Presiding Justice of the Courts of Appeal. The Commission on Judicial Appointments must then confirm or reject the nomination. Only if confirmed does the nominee become a justice.

Following confirmation, the justice is sworn into office and is subject to voter approval at the next gubernatorial election, and thereafter at the conclusion of each term. The term prescribed by the California Constitution for justices of the Supreme Court and courts of appeal is 12 years. Justices are confirmed by the Commission on Judicial Appointments only until the next gubernatorial election, at which time they run for retention of the remainder of the term, if any, of their predecessor, which will be either four or eight years. (Elections Code section 9083)

Goodwin Liu, Associate Justice of the Supreme Court of California

Bar Admission: Admitted to California Bar in 1999.

Education: Yale Law School, J.D., 1998; Stanford University, B.S., 1991; Oxford University, M.A., 2002.

Professional Legal Background: Professor of Law, UC Berkeley School of Law, 2003–2011 (served as Associate Dean, 2008–2010); Litigation Associate, O’Melveny & Myers LLP, 2001–2003; Law Clerk to U.S. Supreme Court Justice Ruth Bader Ginsburg, 2000–2001; Special Assistant to the Deputy Secretary, U.S. Department of Education, 1999–2000; Law Clerk to U.S. Circuit Judge David S. Tatel, 1998–1999.

Judicial Background: Associate Justice, Supreme Court of California, 2011–present (appointed by Governor Jerry Brown and confirmed by the Commission on Judicial Appointments).

Kathryn Mickle Werdegarr, Associate Justice of the Supreme Court of California

Bar Admission: Admitted to California Bar in 1964.

Education: J.D. (With Distinction) George Washington University School of Law, 1962; B.A. University of California at Berkeley, 1957.

Professional Legal Background: Senior Staff Attorney California Supreme Court, 1985–1991; Senior Staff Attorney California First District Court of Appeal, 1981–1985; Associate Dean and Associate Professor, University of San Francisco School of Law, 1978–1981; Director, Criminal Law Division, California Continuing Education of the Bar, Berkeley, CA 1971–1978; Consultant and Author, California College of Trial Judges, Berkeley, CA 1968–1971; Associate, U.C. Berkeley Center for the Study of Law and Society, 1965–1967; United States Department of Justice, Civil Rights Division, 1962–1963.

Judicial Background: Associate Justice, Supreme Court of California, 1994 to present; Associate Justice, California Court of Appeal, First Appellate District, 1991–1994.

On July 22, 2014, Professor Mariano-Florentino Cuéllar was nominated by Governor Jerry Brown to be an Associate Justice of the California Supreme Court. The California Constitution requires that Professor Cuéllar’s nomination be confirmed or rejected by the Commission on Judicial Appointments. If a nominated justice is confirmed by the Commission, the justice is subject to voter approval at the next gubernatorial election. This means Professor Cuéllar would be on the November 4, 2014, ballot. State law required this voter guide to be printed before the Commission’s meeting to consider the nomination of Professor Cuéllar. For more information about judicial retention elections, see page 62 of this voter guide. For updated information about California Supreme Court nominations, go to www.courts.ca.gov.

Mariano-Florentino Cuéllar, Stanford University Law Professor

Bar Admission: Admitted to California Bar in 1998.

Education: Harvard College, A.B. 1993; Yale Law School, J.D. 1997; Stanford University, A.M. 1996, Ph.D. 2000.

Professional Legal Background: Stanford University (2001–Present); Stanley Morrison Professor of Law (2012–Present); Professor (2007–2012); Associate/Assistant Professor (2001–2007); Director and Senior Fellow, Freeman Spogli Institute for International Studies, Stanford University, (2013–Present); Special Assistant to the President for Justice and Regulatory Policy, The White House, Domestic Policy Council (2009–2010); Co-Chair, Immigration Policy Working Group, Obama-Biden Transition Project (2008–2009); Law Clerk to Chief Judge Mary M. Schroeder, U.S. Court of Appeals, Ninth Circuit, (2000–2001); Senior Advisor, Under Secretary for Enforcement, U.S. Department of the Treasury, (1997–1999).

Proposition 2

This amendment proposed by Assembly Constitutional Amendment 1 of the 2013–2014 Second Extraordinary Session (Resolution Chapter 1, 2013–2014 Second Extraordinary Session) expressly amends the California Constitution by adding sections thereto and repealing and adding a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strike out~~ type and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

Proposed Amendments to Articles IV and XVI

First—That Section 12.5 is added to Article IV thereof, to read:

SEC. 12.5. Within 10 days following the submission of a budget pursuant to subdivision (a) of Section 12, following the proposed adjustments to the Governor's Budget required by subdivision (e) of Section 13308 of the Government Code or a successor statute, and following the enactment of the budget bill, or as soon as feasible thereafter, the Director of Finance shall submit to the Legislature both of the following:

(a) Estimates of General Fund revenues for the ensuing fiscal year and for the three fiscal years thereafter.

(b) Estimates of General Fund expenditures for the ensuing fiscal year and for the three fiscal years thereafter.

Second—That Section 20 of Article XVI thereof is repealed.

~~SEC. 20. (a) The Budget Stabilization Account is hereby created in the General Fund.~~

~~(b) In each fiscal year as specified in paragraphs (1) to (3), inclusive, the Controller shall transfer from the General Fund to the Budget Stabilization Account the following amounts:~~

~~(1) No later than September 30, 2006, a sum equal to 1 percent of the estimated amount of General Fund revenues for the 2006–07 fiscal year.~~

~~(2) No later than September 30, 2007, a sum equal to 2 percent of the estimated amount of General Fund revenues for the 2007–08 fiscal year.~~

~~(3) No later than September 30, 2008, and annually thereafter, a sum equal to 3 percent of the estimated amount of General Fund revenues for the current fiscal year.~~

~~(c) The transfer of moneys shall not be required by subdivision (b) in any fiscal year to the extent that the resulting balance in the account would exceed 5 percent of the General Fund revenues estimate set forth in the budget bill for that fiscal year, as enacted, or eight billion dollars (\$8,000,000,000), whichever is greater. The Legislature may, by statute, direct the Controller, for one or more fiscal years, to transfer into the account amounts in excess of the levels prescribed by this subdivision.~~

~~(d) Subject to any restriction imposed by this section, funds transferred to the Budget Stabilization Account shall be deemed to be General Fund revenues for all purposes of this Constitution.~~

~~(e) The transfer of moneys from the General Fund to the Budget Stabilization Account may be suspended or reduced for a fiscal year as specified by an executive order issued by the Governor no later than June 1 of the preceding fiscal year.~~

~~(f) (1) Of the moneys transferred to the account in each fiscal year, 50 percent, up to the aggregate amount of five billion dollars (\$5,000,000,000) for all fiscal years, shall be deposited in the Deficit Recovery Bond Retirement Sinking Fund Subaccount, which is hereby created in the account for the purpose of retiring deficit recovery bonds authorized and issued as described in Section 1.3, in addition to any other payments provided for by law for the purpose of retiring those bonds. The moneys in the sinking fund subaccount are continuously appropriated to the Treasurer to be expended for that purpose in the amounts, at the times, and in the manner deemed appropriate by the Treasurer. Any funds remaining in the sinking fund subaccount after all of the deficit recovery bonds are retired~~

~~shall be transferred to the account, and may be transferred to the General Fund pursuant to paragraph (2).~~

~~(2) All other funds transferred to the account in a fiscal year shall not be deposited in the sinking fund subaccount and may, by statute, be transferred to the General Fund.~~

Third—That Section 20 is added to Article XVI thereof, to read:

SEC. 20. (a) (1) The Budget Stabilization Account is hereby created in the General Fund.

(2) For the 2015–16 fiscal year and each fiscal year thereafter, based on the Budget Act for the fiscal year, the Controller shall transfer from the General Fund to the Budget Stabilization Account, no later than October 1, a sum equal to 1.5 percent of the estimated amount of General Fund revenues for that fiscal year.

(b) (1) For the 2015–16 fiscal year and each fiscal year thereafter, based on the Budget Act for the fiscal year, the Department of Finance shall provide to the Legislature all of the following information:

(A) An estimate of the amount of General Fund proceeds of taxes that may be appropriated pursuant to Article XIII B for that fiscal year.

(B) (i) An estimate of that portion of the General Fund proceeds of taxes identified in subparagraph (A) that is derived from personal income taxes paid on net capital gains.

(ii) The portion of the estimate in clause (i) that exceeds 8 percent of the estimate made under subparagraph (A).

(C) That portion of the state's funding obligation under Section 8 that results from including the amount calculated under clause (ii) of subparagraph (B), if any, as General Fund proceeds of taxes.

(D) The amount of any appropriations described in clause (ii) of subparagraph (B) of paragraph (1) of, or subparagraph (C) of paragraph (2) of, subdivision (c), that are made from the revenues described in clause (ii) of subparagraph (B) of this paragraph.

(E) The amount resulting from subtracting the combined values calculated under subparagraphs (C) and (D) from the value calculated under clause (ii) of subparagraph (B). If less than zero, the amount shall be considered zero for this purpose.

(F) The lesser of the amount calculated under subparagraph (E) or the amount of transfer resulting in the balance in the Budget Stabilization Account reaching the limit specified in subdivision (e).

(2) In the 2016–17 fiscal year, with respect to the 2015–16 fiscal year only, and in the 2017–18 fiscal year and each fiscal year thereafter, separately with respect to each of the two next preceding fiscal years, the Department of Finance shall calculate all of the following, using the same methodology used for the relevant fiscal year, and provide those calculations to the Legislature:

(A) An updated estimate of the amount of General Fund proceeds of taxes that may be appropriated pursuant to Article XIII B.

(B) (i) An updated estimate of that portion of the General Fund proceeds of taxes identified in subparagraph (A) that is derived from personal income taxes paid on net capital gains.

(ii) That portion of the updated estimate in clause (i) that exceeds 8 percent of the updated estimate made under subparagraph (A).

(C) The updated calculation of that portion of the state's funding obligation under Section 8 that results from including the updated amount calculated under clause (ii) of subparagraph (B), if any, as General Fund proceeds of taxes.

(D) The amount of any appropriations described in clause (ii) of subparagraph (B) of paragraph (1) of, or subparagraph (C) of paragraph (2) of, subdivision (c), that are made from the revenues described in clause (ii) of subparagraph (B) of paragraph (1).

(E) The amount resulting from subtracting the combined values calculated under subparagraphs (C) and (D) from the value calculated under clause (ii) of subparagraph (B). If less than zero, the amount shall be considered zero for this purpose.

(F) The amount previously transferred for the fiscal year by the Controller from the General Fund to the Budget Stabilization Account pursuant to subdivisions (c) and (d).

(G) The lesser of (i) the amount, not less than zero, resulting from subtracting, from the amount calculated under subparagraph (E), the

value of any suspension or reduction of transfer pursuant to paragraph (1) of subdivision (a) of Section 22 previously approved by the Legislature for the relevant fiscal year, and the amount previously transferred for that fiscal year by the Controller as described in subparagraph (F), or (ii) the amount of transfer resulting in the balance in the Budget Stabilization Account reaching the limit as specified in subdivision (e).

(c) (1) (A) By October 1 of the 2015–16 fiscal year and each fiscal year thereafter to the 2029–30 fiscal year, inclusive, based on the estimates set forth in the annual Budget Act pursuant to paragraphs (2) and (3) of subdivision (h), and the sum identified in paragraph (2) of subdivision (a), the Controller shall transfer amounts from the General Fund and the Budget Stabilization Account, pursuant to a schedule provided by the Director of Finance, as provided in subparagraph (B).

(B) Notwithstanding any other provision of this section, in the fiscal year to which the Budget Act identified in subparagraph (A) applies:

(i) Fifty percent of both the amount identified in paragraph (2) of subdivision (a), and the amount resulting from subtracting the value calculated under subparagraph (C) of paragraph (1) of subdivision (b) from the value calculated under clause (ii) of subparagraph (B) of paragraph (1) of subdivision (b), shall be transferred from the General Fund to the Budget Stabilization Account.

(ii) The remaining 50 percent shall be appropriated by the Legislature for one or more of the following obligations and purposes:

(I) Unfunded prior fiscal year General Fund obligations pursuant to Section 8 that existed on July 1, 2014.

(II) Budgetary loans to the General Fund, from funds outside the General Fund, that had outstanding balances on January 1, 2014.

(III) Payable claims for mandated costs incurred prior to the 2004–05 fiscal year that have not yet been paid, and that pursuant to paragraph (2) of subdivision (b) of Section 6 of Article XIII B are permitted to be paid over a term of years, as prescribed by law.

(IV) Unfunded liabilities for state-level pension plans and prefunding other postemployment benefits, in excess of current base amounts as established for the fiscal year in which the funds would otherwise be transferred to the Budget Stabilization Account. For the purpose of this subclause, current base amounts are those required to be paid pursuant to law, an approved memorandum of understanding, benefit schedules established by the employer or entity authorized to establish those contributions for employees excluded or exempted from collective bargaining, or any combination of these. To qualify under this subclause, the appropriation shall supplement and not supplant funding that would otherwise be made available to pay for the obligations described in this subclause for the fiscal year or the subsequent fiscal year.

(2) (A) By October 1 of the 2030–31 fiscal year and each fiscal year thereafter, based on the estimates set forth in the annual Budget Act pursuant to paragraphs (2) and (3) of subdivision (h), the Controller shall transfer amounts from the General Fund to the Budget Stabilization Account, pursuant to a schedule provided by the Director of Finance, as provided in subparagraph (B).

(B) In the fiscal year to which the Budget Act identified in subparagraph (A) applies, both the amount identified in paragraph (2) of subdivision (a), and the amount resulting from subtracting the value calculated under subparagraph (C) of paragraph (1) of subdivision (b) from the value calculated under clause (ii) of subparagraph (B) of paragraph (1) of subdivision (b), shall be transferred from the General Fund to the Budget Stabilization Account.

(C) Notwithstanding any other provision of this section, the Legislature may appropriate up to 50 percent of both the amount identified in paragraph (2) of subdivision (a), and of the amount resulting from subtracting the value calculated under subparagraph (C) of paragraph (1) of subdivision (b) from the value calculated under clause (ii) of subparagraph (B) of paragraph (1) of subdivision (b), for one or more of the obligations and purposes described in clause (ii) of subparagraph (B) of paragraph (1).

(3) The transfers described in this subdivision are subject to suspension or reduction pursuant to paragraph (1) of subdivision (a) of Section 22.

(d) By October 1 of the 2016–17 fiscal year and each fiscal year thereafter, based on the estimates set forth in the annual Budget Act pursuant to paragraphs (4) and (5) of subdivision (h), the Controller shall transfer amounts between the General Fund and the Budget Stabilization Account pursuant to a schedule provided by the Director of Finance, as follows:

(1) If the amount in subparagraph (G) of paragraph (2) of subdivision (b) is greater than zero, transfer that amount from the General Fund to the Budget Stabilization Account, subject to any suspension or reduction of this transfer pursuant to paragraph (1) of subdivision (a) of Section 22.

(2) If the amount described in subparagraph (F) of paragraph (2) of subdivision (b) is greater than the amount calculated under subparagraph (E) of paragraph (2) of subdivision (b), transfer that excess amount from the Budget Stabilization Account back to the General Fund.

(e) Notwithstanding any other provision of this section, the amount of a transfer to the Budget Stabilization Account pursuant to paragraph (2) of subdivision (a) and subdivisions (c) and (d) for any fiscal year shall not exceed an amount that would result in a balance in the account that, when the transfer is made, exceeds 10 percent of the amount of General Fund proceeds of taxes for the fiscal year estimated pursuant to subdivision (b). For any fiscal year, General Fund proceeds of taxes that, but for this paragraph, would have been transferred to the Budget Stabilization Account may be expended only for infrastructure, as defined by Section 13101 of the Government Code, as that section read on January 1, 2014, including deferred maintenance thereon.

(f) The funds described in subdivision (b) as General Fund proceeds of taxes are General Fund proceeds of taxes for purposes of Section 8 for the fiscal year to which those proceeds are attributed, but are not deemed to be additional General Fund proceeds of taxes on the basis that the funds are thereafter transferred from the Budget Stabilization Account to the General Fund.

(g) The Controller may utilize funds in the Budget Stabilization Account, that he or she determines to currently be unnecessary for the purposes of this section, to help manage General Fund daily cashflow needs. Any use pursuant to this subdivision shall not interfere with the purposes of the Budget Stabilization Account.

(h) The annual Budget Act shall include the estimates described in all of the following:

- (1) Paragraph (2) of subdivision (a).
- (2) Clause (ii) of subparagraph (B) of paragraph (1) of subdivision (b).
- (3) Subparagraph (F) of paragraph (1) of subdivision (b).
- (4) Clause (ii) of subparagraph (B) of paragraph (2) of subdivision (b).
- (5) Subparagraph (G) of paragraph (2) of subdivision (b).

Fourth—That Section 21 is added to Article XVI thereof, to read:
SEC. 21. (a) The Public School System Stabilization Account is hereby created in the General Fund.

(b) On or before October 1 of each fiscal year, commencing with the 2015–16 fiscal year, based on the amounts identified in the annual Budget Act pursuant to subdivision (b) of Section 20, the Controller shall transfer, pursuant to a schedule provided by the Director of Finance, amounts from the General Fund to the Public School System Stabilization Account as follows:

(1) (A) For the 2015–16 fiscal year, and for each fiscal year thereafter, any positive amount identified in subparagraph (C) of paragraph (1) of subdivision (b) of Section 20 shall be transferred from the General Fund to the Public School System Stabilization Account in the amount calculated under subparagraph (B), subject to any reduction or suspension of this transfer pursuant to any other provision of this section or paragraph (3) of subdivision (a) of Section 22.

(B) The Director of Finance shall calculate the amount by which the positive amount identified in subparagraph (C) of paragraph (1) of subdivision (b) of Section 20, in combination with all other moneys required to be applied by the State for the support of school districts and community college districts for that fiscal year pursuant to Section 8,

exceeds the sum of the total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B and allocated local proceeds of taxes in the prior fiscal year, plus any allocations from the Public School System Stabilization Account in the prior fiscal year, less any transfers to the Public School System Stabilization Account pursuant to this section in the prior fiscal year and any revenues allocated pursuant to subdivision (a) of Section 8.5, adjusted for the percentage change in average daily attendance and adjusted for the higher of the change in the cost of living pursuant to paragraph (1) of subdivision (e) of Section 8 of Article XIII B or the cost of living adjustment applied to school district and community college district general purpose apportionments.

(2) (A) Commencing with the 2016–17 fiscal year, and for each fiscal year thereafter, to the extent the amount calculated under this paragraph exceeds the amounts previously transferred by the Controller from the General Fund to the Public School System Stabilization Account for a preceding fiscal year, any positive amount calculated pursuant to subparagraph (C) of paragraph (2) of subdivision (b) of Section 20 for that fiscal year shall be transferred from the General Fund to the Public School System Stabilization Account in the amount calculated under subparagraph (B), subject to any reduction or suspension of this transfer pursuant to any other provision of this section or paragraph (3) of subdivision (a) of Section 22.

(B) The Director of Finance shall calculate the amount by which the positive amount identified in subparagraph (C) of paragraph (2) of subdivision (b) of Section 20, in combination with all other moneys required to be applied by the State for the support of school districts and community college districts for that fiscal year pursuant to Section 8, exceeds the sum of the total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B and allocated local proceeds of taxes in the prior fiscal year, plus any allocations from the Public School System Stabilization Account in the prior fiscal year, less any transfers to the Public School System Stabilization Account pursuant to this section in the prior fiscal year and any revenues allocated pursuant to subdivision (a) of Section 8.5, adjusted for the percentage change in average daily attendance and adjusted for the higher of the change in the cost of living pursuant to the paragraph (1) of subdivision (e) of Section 8 of Article XIII B or the cost of living adjustment applied to school district and community college district general purpose apportionments.

(c) Commencing with the 2016–17 fiscal year, and for each fiscal year thereafter, if the amount calculated pursuant to subparagraph (C) of paragraph (2) of subdivision (b) of Section 20 for a fiscal year is less than the amounts previously transferred by the Controller from the General Fund to the Public School System Stabilization Account for that fiscal year, the amount of this difference shall be appropriated and allocated by the State from the Public School System Stabilization Account for the support of school districts and community college districts.

(d) Notwithstanding any other provision of this section, the amount transferred to the Public School System Stabilization Account pursuant to subdivision (b) for a fiscal year shall not exceed the amount by which the amount of state support calculated pursuant to paragraph (1) of subdivision (b) of Section 8 exceeds the amount of state support calculated pursuant to paragraph (2) of subdivision (b) of Section 8 for that fiscal year. If the amount of state support calculated pursuant to paragraph (1) of subdivision (b) of Section 8 does not exceed the amount of state support calculated pursuant to paragraph (2) of subdivision (b) of Section 8 for a fiscal year, no amount shall be transferred to the Public School System Stabilization Account pursuant to subdivision (b) for that fiscal year.

(e) Notwithstanding any other provision of this section, no amount shall be transferred to the Public School System Stabilization Account pursuant to subdivision (b) for a fiscal year for which a maintenance factor is determined pursuant to subdivision (d) of Section 8.

(f) Notwithstanding any other provision of this section, no amount shall be transferred to the Public School System Stabilization Account pursuant to subdivision (b) until the maintenance factor determined pursuant to subdivisions (d) and (e) of Section 8 for fiscal years prior to

the 2014–15 fiscal year has been fully allocated. Transfers may be made beginning in the fiscal year following the fiscal year in which it is determined, based on the Budget Act for that fiscal year, that this condition will be met. If a transfer is made for a fiscal year for which it is later determined that this condition has not been met, the amount of the transfer shall be appropriated and allocated from the Public School System Stabilization Account for the support of school districts and community college districts. No transfer shall be made for a year for which it was determined, based on the Budget Act for that fiscal year, that this condition would not be met but was subsequently determined to have been met in that year or a prior fiscal year.

(g) Notwithstanding any other provision of this section, no amount shall be transferred to the Public School System Stabilization Account for any fiscal year for which any of the provisions of subdivision (b) of Section 8 are suspended pursuant to subdivision (h) of Section 8.

(h) Notwithstanding any other provision of this section, for any fiscal year, the amount of a transfer to the Public School System Stabilization Account pursuant to subdivision (b) shall not exceed an amount that would result in a balance in the account that is in excess of 10 percent of the total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B and allocated local proceeds of taxes for that fiscal year pursuant to Section 8. For any fiscal year, General Fund proceeds of taxes that, but for this subdivision, would have been transferred to the Public School System Stabilization Account shall be applied by the State for the support of school districts and community colleges.

(i) In any fiscal year in which the amount required to be applied by the State for the support of school districts and community college districts for that fiscal year pursuant to Section 8 is less than the total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B and allocated local proceeds of taxes in the prior fiscal year, plus any allocations from the Public School System Stabilization Account in the prior fiscal year, less any transfers to the Public School System Stabilization Account in the prior fiscal year and any revenues allocated pursuant to subdivision (a) of Section 8.5, adjusted for the percentage change in average daily attendance and adjusted for the higher of the change in the cost of living pursuant to paragraph (1) of subdivision (e) of Section 8 of Article XIII B or the cost of living adjustment applied to school district and community college district general purpose apportionments, the amount of the deficiency shall be appropriated and allocated by the State from the Public School System Stabilization Account for the support of school districts and community college districts.

(j) Funds transferred to the Public School System Stabilization Account shall be deemed, for purposes of Section 8, to be moneys applied by the State for the support of school districts and community college districts in the fiscal year for which the transfer is made, and not in the fiscal year in which moneys are appropriated from the account.

(k) Nothing in this section shall be construed to reduce the amount of the moneys required to be applied by the State for the support of school districts and community college districts pursuant to Sections 8 and 8.5.

(l) The Controller may utilize funds in the Public School System Stabilization Account, that he or she determines to currently be unnecessary for the purposes of this section, to help manage General Fund daily cashflow needs. Any use of funds by the Controller pursuant to this subdivision shall not interfere with the purposes of the Public School System Stabilization Account.

Fifth—That Section 22 is added to Article XVI thereof, to read:

SEC. 22. (a) Upon the Governor's proclamation declaring a budget emergency and identifying the conditions constituting the emergency, the Legislature may pass a bill that does any of the following:

(1) Suspends or reduces by a specified dollar amount for one fiscal year the transfer of moneys from the General Fund to the Budget Stabilization Account required by Section 20.

(2) (A) Returns funds that have been transferred to the Budget Stabilization Account pursuant to Section 20 to the General Fund for appropriation to address the budget emergency.

(B) *Not more than 50 percent of the balance in the Budget Stabilization Account may be returned to the General Fund for appropriation pursuant to subparagraph (A) in any fiscal year, unless funds in the Budget Stabilization Account have been returned to the General Fund for appropriation in the immediately preceding fiscal year.*

(3) *Suspends or reduces by a specified dollar amount for one fiscal year the transfer of moneys from the General Fund to the Public School System Stabilization Account required by Section 21.*

(4) *Appropriates funds transferred to the Public School System Stabilization Account pursuant to Section 21 and allocates those funds for the support of school districts and community college districts.*

(b) *For purposes of this section, "budget emergency" means any of the following:*

(1) *An emergency declared by the Governor, within the meaning of paragraph (2) of subdivision (c) of Section 3 of Article XIII B.*

(2) (A) *A determination by the Governor that estimated resources are inadequate to fund General Fund expenditures for the current or ensuing fiscal year, after setting aside funds for the reserve for liquidation of encumbrances, at a level equal to the highest amount of total General Fund expenditures estimated at the time of enactment of any of the three most recent Budget Acts, adjusted for both of the following:*

(i) *The annual percentage change in the cost of living for the State, as measured by the California Consumer Price Index.*

(ii) *The annual percentage growth in the civilian population of the State pursuant to subdivision (b) of Section 7901 of the Government Code.*

(B) *The maximum amount that may be withdrawn for a budget emergency determined under this paragraph shall not exceed either an amount that would result in a total General Fund expenditure level for a fiscal year that is greater than the highest amount of total General Fund expenditures estimated at the time of enactment of any of the three most recent Budget Acts, as calculated pursuant to subparagraph (A), or any limit imposed by subparagraph (B) of paragraph (2) of subdivision (a).*

Proposition 45

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 adds a section to the Insurance Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

Proposed Law

Insurance Rate Public Justification and Accountability Act

SECTION 1. Findings and Purpose.

Health insurance, home insurance and auto insurance are mandatory for Californians due to economic necessity or the force of law. In such cases, government has an obligation to guarantee that the insurance is affordable, available, competitive and fair.

The purpose of this measure is to ensure fair and transparent rates for health, home and auto insurance by: (1) requiring health insurance companies to publicly disclose and justify their rates, under penalty of perjury, before the rates can take effect; (2) prohibiting unfair pricing for health, auto and home insurance based on prior coverage and credit history; and (3) requiring health insurance companies to pay a fee to cover the costs of administering these new laws so that this initiative will cost taxpayers nothing.

SEC. 2. Public Scrutiny and Review of Insurance Rates.

Section 1861.17 is added to the Insurance Code, to read:

1861.17. (a) *Subdivisions (a) and (b) of Section 1861.03 and Sections 1861.04 to 1861.14, inclusive, shall apply to health insurance, notwithstanding subdivision (e) of Section 1851 and Sections 10181 to 10181.13, inclusive, Sections 1385.01 to 1385.13, inclusive, of the*

Health and Safety Code, or any other provision of law. Health insurance rates proposed after November 6, 2012, shall be approved by the commissioner prior to their use, and health insurance rates in effect on November 6, 2012, are subject to refund under this section. Applications for health insurance rates shall be accompanied by a statement, sworn under penalty of perjury by the chief executive of the company, declaring that the contents are accurate and comply in all respects with California law.

(b) *There shall be a transitional period during which the commissioner may permit, on a conditional basis and subject to refund as required by subdivision (c), rates for new health insurance that have not been approved pursuant to Section 1861.05, provided (1) that the rates have an implementation date on or before January 1, 2014, and (2) that the new health insurance has not previously been marketed in California and contains provisions mandated by federal law, or state law in effect as of January 1, 2012.*

(c) *In a proceeding pursuant to the authority of subdivision (a) of Section 1861.10, including a proceeding under Section 1861.03 or 1861.05, where it is determined that a company charged health insurance rates that are excessive or otherwise in violation of this article, the company shall be required to pay refunds with interest, notwithstanding any other provision of law and in addition to any other penalty permitted by law.*

(d) *With respect to health, automobile, and homeowners insurance, the absence of prior insurance coverage, or a person's credit history, shall not be a criterion for determining eligibility for a policy or contract, or generally for rates, premiums or insurability.*

(e) *Notwithstanding any other provision of law, the commissioner is granted the powers necessary to carry out the provisions of this section, including any and all authority for health care service plan rate review granted to the Department of Managed Health Care by Section 1385.01 and following of the Health and Safety Code.*

(f) *Health insurance companies shall pay the filing fees required by Section 12979, which, notwithstanding Section 13340 of the Government Code, are continuously appropriated to cover any operational or administrative costs arising from this section. The commissioner shall annually report to the public all such expenditures and the impact of this section.*

(g) *For purposes of this section:*

(1) *"Health insurance" means a policy or contract issued or delivered in California (A) as defined in subdivision (b) of Section 106, or (B) a health care service plan, as defined by subdivision (f) of Section 1345 of the Health and Safety Code.*

(2) *"Rate" means the charges assessed for health insurance or anything that affects the charges associated with health insurance, including, but not limited to, benefits, premiums, base rates, underwriting relativities, discounts, co-payments, coinsurance, deductibles, premium financing, installment fees, and any other out-of-pocket costs of the policyholder.*

(3) *The following shall not be subject to this section: A large group health insurance policy or contract as defined by subdivision (a) of Section 10181 or subdivision (a) of Section 1385.01 of the Health and Safety Code, or a policy or contract excluded under Section 10181.2 or 1385.02 of the Health and Safety Code, as those provisions were in effect on January 1, 2011.*

SEC. 3. Technical Matters.

This act shall be liberally construed and applied in order to fully promote its underlying purposes, and shall not be amended, directly or indirectly, by the Legislature except to further its purposes by a statute passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring, or by a statute that becomes effective only when approved by the electorate. If any provision of this act or the application thereof to any person or circumstances is held invalid or unenforceable, it shall not affect other provisions or applications of the act which can be given effect without the invalid or unenforceable provision or application, and to this end the provisions of this act are severable.

Text of Proposed Laws

Proposition 46

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

This initiative measure adds sections to the Business and Professions Code, amends and adds sections to the Civil Code, and adds a section to the Health and Safety Code; 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

Troy and Alana Pack Patient Safety Act of 2014

SECTION 1. Title.

This measure shall be known as the Troy and Alana Pack Patient Safety Act of 2014.

SEC. 2. Findings and Declarations.

The people of California find and declare the following:

1. Protecting the safety of patients is of paramount interest to the public.

2. Substance abuse by doctors is a growing problem in California and harms more and more patients every year. Last year, the Medical Board of California reported that it had suspended more physicians than it had the year before and that “[t]his increase correlates to the observed trend in an increased number of physician impairment cases.”

3. Studies find that at least one in ten physicians suffers from drug or alcohol abuse during his or her career. According to an article in the *Annals of Internal Medicine*, one-third of physicians will, at some time in their careers, experience a condition, including alcohol or drug abuse, that impairs their ability to practice medicine safely. Nonetheless, no mandatory drug and alcohol testing exists for physicians, as it does for pilots, bus drivers, and others in safety-sensitive occupations, and no effective safeguards exist to stop physicians from practicing until a substance abuse problem is addressed.

4. Physicians who are impaired by drugs and alcohol while on the job pose a serious threat to patients and to the public at large. By one estimate cited in the *Journal of the American Medical Association*, one-third of all hospital admissions experience a medical error – and physician impairment may be a contributor to such patient harm. Doctors who are impaired while on duty may misdiagnose a communicable or life-threatening disease, perform surgery or other procedures in dangerous and unprofessional ways, and prescribe medication in ways that can cause permanent injury or death to their patients.

5. Studies show that a small percentage of doctors, including those who abuse drugs and alcohol, commit the vast majority of malpractice and go undeterred. Yet no law exists to require physicians to report peers they suspect of medical negligence or of practicing under the influence.

6. Patients are also being harmed by doctors who over-prescribe prescription drugs and fail to prevent prescription drug abuse. The Centers for Disease Control and Prevention report that drug overdose is the leading cause of fatal injury, and most of those deaths are caused by prescription drugs, yet too few California physicians check a patient’s prescription history in the state-run electronic database known as CURES before prescribing addictive and potentially harmful narcotics.

7. Patients who are harmed by doctors who are impaired by drugs or alcohol, who over-prescribe addictive narcotics, or who commit other negligent medical acts are entitled to recover compensation for such things as pain, suffering, physical impairment, disfigurement, and decline of quality of life. The surviving family of a person killed

by medical negligence should recover fair and reasonable compensation for the loss of their loved one.

8. In 1975, however, the Legislature set a cap of \$250,000 on compensation for these losses. That severe restriction on patients’ legal rights to hold dangerous doctors accountable was accompanied by a promise that a strong regulatory system would be created to protect patients from harm. Patient safety scandals over the last 38 years, however, have demonstrated that physicians have been unable to police themselves.

9. After 38 years, that \$250,000 cap has never been adjusted for inflation. Despite the rulings of juries, it limits the value of children’s lives, as well as the loss of quality of life for all people injured by medical negligence, to \$250,000, no matter how egregious the malpractice or serious the injury. As a result, negligent doctors are not held accountable and patients’ safety has suffered.

10. Research has found that by providing fair and adequate compensation to patients injured by medical negligence, malpractice litigation prods health care providers to be more open and honest about mistakes and then take corrective action to reduce the chances of repeated errors, thereby limiting the chances of future harm to patients and acting as a deterrent to bad practices.

SEC. 3. Purpose and Intent.

It is the intent of the people of California in enacting this measure to:

1. Protect patients and their families from injury caused by doctors who are impaired by alcohol or drugs by requiring hospitals to conduct random drug and alcohol testing of the doctors who practice there and requiring them to test physicians after an unexpected death or serious injury occurs.

2. Protect patients and their families from injury by requiring doctors to report other physicians who appear to be impaired by drugs or alcohol while on duty or if any physician who was responsible for the care and treatment of a patient during an adverse event failed to follow the appropriate standard of care.

3. Require hospitals to report any verified positive results of drug and alcohol testing to the Medical Board of California.

4. Require that any doctor who tests positive for alcohol or drugs while on duty or who willfully fails or refuses to submit to such testing be temporarily suspended from the practice of medicine pending an investigation.

5. Require the board to take disciplinary action against a doctor if the board finds that the doctor was impaired by drugs or alcohol while on duty or during an adverse event or that the doctor willfully refused to comply with drug and alcohol testing.

6. Require doctors to check the state’s Controlled Substance Utilization Review and Evaluation System (CURES) database prior to writing a prescription for a Schedule II or Schedule III controlled substance for a patient for the first time and, if the patient already has a prescription, determine that the patient has a legitimate need before prescribing the medication, in order to protect patients and others.

7. Adjust the \$250,000 cap on compensation for pain, suffering, physical impairment, disfigurement, decline of quality of life, and death in medical negligence lawsuits set by the Legislature in 1975 to account for inflation and to provide annual adjustments in the future in order to boost health care accountability, act as a deterrent, and ensure that patients, their families, and others who are injured by negligent doctors are entitled to be made whole for their loss.

8. Retain the cap on attorney’s fees in medical negligence cases.

SEC. 4. Article 14 (commencing with Section 2350.10) is added to Chapter 5 of Division 2 of the Business and Professions Code, to read:

Article 14. Physician and Surgeon Alcohol or Drug Impairment Prevention

2350.10. The Medical Board of California shall administer this article, and shall adopt regulations necessary to implement this article within one year of its effective date. These regulations shall be consistent

with the standards for drug and alcohol testing, including, but not limited to, the collection of specimens, the testing of specimens, the concentration levels of drugs and alcohol, the verification of test results, the retention of specimens and requests for testing of a sample of the specimen by the subject of the test, record keeping, due process, return to duty, and privacy and confidentiality, set forth in Title 49, Part 40, of the Code of Federal Regulations, as of the effective date of this act, to the extent that such standards do not conflict with the terms of this act or the California or United States Constitutions.

2350.15. For the purposes of this article, the following terms have the following meanings:

(a) "Test" or "testing" means examination of a physician for use of drugs or alcohol while on duty that may impair or may have impaired the physician's ability to practice medicine.

(b) "Adverse event" has the same meaning as set forth in Section 1279.1 of the Health and Safety Code.

(c) "Board" means the Medical Board of California.

(d) "Drug" means marijuana metabolites, cocaine metabolites, amphetamines, opiate metabolites, and phencyclidine (PCP). "Drug" does not include drugs prescribed by a licensed third party for a specific medical condition if the manner in which the physician uses the drug is not known to cause impairment.

(e) "Physician" means a holder of a physician and surgeon's certificate under this chapter.

(f) "Hospital" means a general acute care hospital as defined in Section 1250 of the Health and Safety Code or any successor statute and an "outpatient setting" as defined in paragraph (1) of subdivision (b) of Section 1248 of the Health and Safety Code or any successor statute.

(g) "Verified positive test result" means a positive test result that has been verified through a process established by the board that includes a confirming test, an opportunity for the physician to offer an explanation, and review and determination by a medical review officer, and that satisfies the concentration levels for impairment specified by the board.

2350.20. Every physician shall, and any other person may, report to the board any information known to him or her which appears to show that any physician may be or has been impaired by drugs or alcohol while on duty, or that any physician who was responsible for the care and treatment of a patient during an adverse event failed to follow the appropriate standard of care. Notwithstanding any other provision of law, any physician or other person who in good faith makes such a report to the board shall not be liable under any law of this state for any statement or opinion made in such report.

2350.25. (a) Upon the effective date of the regulations adopted by the board to implement this article, hospitals shall conduct testing for drugs and alcohol on physicians as follows:

(1) On a random basis on physicians who are employees or contractors or who have the privilege to admit patients.

(2) Immediately upon the occurrence of an adverse event on physicians who were responsible for the care and treatment of the patient during the event or who treated the patient or prescribed medication for the patient within 24 hours prior to the event. Testing shall be the responsibility of the physician, who shall make himself or herself available for testing at the hospital as soon as possible, and failure to submit to testing at the hospital within 12 hours after the physician learns of the adverse event may be cause for suspension of the physician's license.

(3) At the direction of the board following a referral pursuant to Section 2350.20 on a physician who is the subject of a referral.

(b) The hospital shall bill the physician for the cost of his or her test and shall not pass on any of the costs of the test to patients or their insurers.

2350.30. Hospitals shall report any verified positive test results, or the willful failure or refusal of a physician to submit to a test, to the board, which shall do all of the following:

(a) Refer the matter to the Attorney General's Health Quality Enforcement Section for investigation and enforcement pursuant to Article 12 (commencing with Section 2220).

(b) Temporarily suspend the physician's license pending the board's investigation and hearing on the matter pursuant to Article 12 (commencing with Section 2220).

(c) Notify the physician and each of the health facilities at which the physician practices that the physician's license has been temporarily suspended pending the board's investigation and hearing on the matter.

2350.35. (a) If, after investigation and hearing, the board finds that a physician was impaired by drugs or alcohol while on duty or during an adverse event or that a physician has willfully refused or failed to comply with drug and alcohol testing, the board shall take disciplinary action against the physician, which may include treatment for addiction as a condition of licensure, additional drug and alcohol testing during a period of probation, and suspension of the physician's license until such time as the physician demonstrates to the board's satisfaction that he or she is fit to return to duty.

(b) If the board finds that a physician was impaired by drugs or alcohol during an adverse event, the board shall inform the patient or, in the case of the patient's death, the patient's family, of its determination.

2350.40. The board shall assess an annual fee on physicians sufficient to pay the reasonable costs of administering this article by the board and the Attorney General. Every physician shall pay the fee as a condition of licensure or license renewal. The board shall reimburse the Attorney General's office for its costs in conducting investigations and enforcement actions under this article.

SEC. 5. Section 3333.2 of the Civil Code is amended to read:

3333.2. (a) In any action for injury against a health care provider based on professional negligence, the injured plaintiff shall be entitled to recover noneconomic losses to compensate for pain, suffering, inconvenience, physical impairment, disfigurement and other nonpecuniary damage.

(b) In no action shall the amount of damages for noneconomic losses exceed two hundred fifty thousand dollars (\$250,000), as adjusted pursuant to subdivision (c).

(c) On January 1, 2015, the cap on the amount of damages specified in subdivision (b) shall be adjusted to reflect any increase in inflation as measured by the Consumer Price Index published by the United States Bureau of Labor Statistics since the cap was established. Annually thereafter, the cap on the amount of damages specified in this subdivision shall be adjusted to reflect any increase in inflation as measured by the Consumer Price Index published by the United States Bureau of Labor Statistics. The Department of Finance shall calculate and publish on its Internet Web site the adjustments required by this subdivision.

(d) For the purposes of this section:

(1) "Health care provider" means any person licensed or certified pursuant to Division 2 (commencing with Section 500) of the Business and Professions Code, or licensed pursuant to the Osteopathic Initiative Act, or the Chiropractic Initiative Act, or licensed pursuant to Chapter 2.5 (commencing with Section 1440) of Division 2 of the Health and Safety Code; and any clinic, health dispensary, or health facility, licensed pursuant to Division 2 (commencing with Section 1200) of the Health and Safety Code. "Health care provider" includes the legal representatives of a health care provider;

(2) "Professional negligence" means a negligent act or omission to act by a health care provider in the rendering of professional services, which act or omission is the proximate cause of a personal injury or wrongful death, provided that such services are within the scope of services for which the provider is licensed and which are not within any restriction imposed by the licensing agency or licensed hospital.

(e) The adjusted cap provided for in subdivision (c) shall apply to an award of noneconomic damages in any action which has not been resolved by way of a final settlement, judgment, or arbitration award as of January 1, 2015.

(f) The limitation on attorney's fees set forth in Section 6146 of the Business and Professions Code shall apply to an action for injury or damage against a health care provider based upon such person's alleged professional negligence, as defined in this section.

SEC. 6. Section 1714.85 is added to the Civil Code, to read:

1714.85. *There shall be a presumption of professional negligence in any action against a health care provider arising from an act or omission by a physician and surgeon who tested positive for drugs or alcohol or who refused or failed to comply with the testing requirements of Article 14 (commencing with Section 2350.10) of Chapter 5 of Division 2 of the Business and Professions Code following the act or omission and in any action arising from the failure of a licensed health care practitioner to comply with Section 11165.4 of the Health and Safety Code.*

SEC. 7. Section 11165.4 is added to the Health and Safety Code, to read:

11165.4. (a) *Licensed health care practitioners and pharmacists shall access and consult the electronic history maintained pursuant to this code of controlled substances dispensed to a patient under his or her care prior to prescribing or dispensing a Schedule II or Schedule III controlled substance for the first time to that patient. If the patient has an existing prescription for a Schedule II or Schedule III controlled substance, the health care practitioner shall not prescribe any additional controlled substances until the health care practitioner determines there is a legitimate need.*

(b) *Failure to consult a patient's electronic history as required in subdivision (a) shall be cause for disciplinary action by the health care practitioner's licensing board. The licensing boards of all health care practitioners authorized to write or issue prescriptions for controlled substances shall notify all authorized practitioners subject to the board's jurisdiction of the requirements of this section.*

SEC. 8. Amendment.

This act may be amended only to further its purpose of improving patient safety, including ensuring that patients, their families, and others who are injured by negligent doctors are made whole for their loss, by a statute approved by a two-thirds vote of each house of the Legislature and signed by the Governor.

SEC. 9. Conflicting Initiatives.

In the event that this measure and another initiative measure or measures that involve patient safety, including the fees charged by attorneys in medical negligence cases, shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure shall be null and void.

SEC. 10. Severability.

If any provision of this act, or part thereof, is for any reason held to be invalid or unconstitutional, the remaining provisions shall not be affected, but shall remain in full force and effect, and to this end the provisions of this act are severable.

Proposition 47

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 adds sections to the Government Code, amends and adds sections to the Penal Code, and amends sections of the Health and Safety Code; 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 SAFE NEIGHBORHOODS AND SCHOOLS ACT

SECTION 1. Title.

This act shall be known as "the Safe Neighborhoods and Schools Act."

SEC. 2. Findings and Declarations.

The people of the State of California find and declare as follows:

The people enact the Safe Neighborhoods and Schools Act to ensure that prison spending is focused on violent and serious offenses, to maximize alternatives for nonserious, nonviolent crime, and to invest the savings generated from this act into prevention and support programs in K–12 schools, victim services, and mental health and drug treatment. This act ensures that sentences for people convicted of dangerous crimes like rape, murder, and child molestation are not changed.

SEC. 3. Purpose and Intent.

In enacting this act, it is the purpose and intent of the people of the State of California to:

(1) Ensure that people convicted of murder, rape, and child molestation will not benefit from this act.

(2) Create the Safe Neighborhoods and Schools Fund, with 25 percent of the funds to be provided to the State Department of Education for crime prevention and support programs in K–12 schools, 10 percent of the funds for trauma recovery services for crime victims, and 65 percent of the funds for mental health and substance abuse treatment programs to reduce recidivism of people in the justice system.

(3) Require misdemeanors instead of felonies for nonserious, nonviolent crimes like petty theft and drug possession, unless the defendant has prior convictions for specified violent or serious crimes.

(4) Authorize consideration of resentencing for anyone who is currently serving a sentence for any of the offenses listed herein that are now misdemeanors.

(5) Require a thorough review of criminal history and risk assessment of any individuals before resentencing to ensure that they do not pose a risk to public safety.

(6) This measure will save significant state corrections dollars on an annual basis. Preliminary estimates range from \$150 million to \$250 million per year. This measure will increase investments in programs that reduce crime and improve public safety, such as prevention programs in K–12 schools, victim services, and mental health and drug treatment, which will reduce future expenditures for corrections.

SEC. 4. Chapter 33 (commencing with Section 7599) is added to Division 7 of Title 1 of the Government Code, to read:

CHAPTER 33. CREATION OF SAFE NEIGHBORHOODS AND SCHOOLS FUND

7599. (a) *A fund to be known as the "Safe Neighborhoods and Schools Fund" is hereby created within the State Treasury and, notwithstanding Section 13340 of the Government Code, is continuously appropriated without regard to fiscal year for carrying out the purposes of this chapter.*

(b) *For purposes of the calculations required by Section 8 of Article XVI of the California Constitution, funds transferred to the Safe Neighborhoods and Schools Fund shall be considered General Fund revenues which may be appropriated pursuant to Article XIII B.*

7599.1. Funding Appropriation.

(a) *On or before July 31, 2016, and on or before July 31 of each fiscal year thereafter, the Director of Finance shall calculate the savings that accrued to the state from the implementation of the act adding this chapter ("this act") during the fiscal year ending June 30, as compared to the fiscal year preceding the enactment of this act. In making the calculation required by this subdivision, the Director of Finance shall use actual data or best available estimates where actual data is not available. The calculation shall be final and shall not be adjusted for any subsequent changes in the underlying data. The Director of Finance shall certify the results of the calculation to the Controller no later than August 1 of each fiscal year.*

(b) *Before August 15, 2016, and before August 15 of each fiscal year thereafter, the Controller shall transfer from the General Fund to the Safe Neighborhoods and Schools Fund the total amount calculated pursuant to subdivision (a).*

(c) Moneys in the Safe Neighborhoods and Schools Fund shall be continuously appropriated for the purposes of this act. Funds transferred to the Safe Neighborhoods and Schools Fund shall be used exclusively for the purposes of this act and shall not be subject to appropriation or transfer by the Legislature for any other purpose. The funds in the Safe Neighborhoods and Schools Fund may be used without regard to fiscal year.

7599.2. Distribution of Moneys from the Safe Neighborhoods and Schools Fund.

(a) By August 15 of each fiscal year beginning in 2016, the Controller shall disburse moneys deposited in the Safe Neighborhoods and Schools Fund as follows:

(1) Twenty-five percent to the State Department of Education, to administer a grant program to public agencies aimed at improving outcomes for public school pupils in kindergarten and grades 1 to 12, inclusive, by reducing truancy and supporting students who are at risk of dropping out of school or are victims of crime.

(2) Ten percent to the California Victim Compensation and Government Claims Board, to make grants to trauma recovery centers to provide services to victims of crime pursuant to Section 13963.1 of the Government Code.

(3) Sixty-five percent to the Board of State and Community Corrections, to administer a grant program to public agencies aimed at supporting mental health treatment, substance abuse treatment, and diversion programs for people in the criminal justice system, with an emphasis on programs that reduce recidivism of people convicted of less serious crimes, such as those covered by this measure, and those who have substance abuse and mental health problems.

(b) For each program set forth in paragraphs (1) to (3), inclusive, of subdivision (a), the agency responsible for administering the programs shall not spend more than 5 percent of the total funds it receives from the Safe Neighborhoods and Schools Fund on an annual basis for administrative costs.

(c) Every two years, the Controller shall conduct an audit of the grant programs operated by the agencies specified in paragraphs (1) to (3), inclusive, of subdivision (a) to ensure the funds are disbursed and expended solely according to this chapter and shall report his or her findings to the Legislature and the public.

(d) Any costs incurred by the Controller and the Director of Finance in connection with the administration of the Safe Neighborhoods and Schools Fund, including the costs of the calculation required by Section 7599.1 and the audit required by subdivision (c), as determined by the Director of Finance, shall be deducted from the Safe Neighborhoods and Schools Fund before the funds are disbursed pursuant to subdivision (a).

(e) The funding established pursuant to this act shall be used to expand programs for public school pupils in kindergarten and grades 1 to 12, inclusive, victims of crime, and mental health and substance abuse treatment and diversion programs for people in the criminal justice system. These funds shall not be used to supplant existing state or local funds utilized for these purposes.

(f) Local agencies shall not be obligated to provide programs or levels of service described in this chapter above the level for which funding has been provided.

SEC. 5. Section 459.5 is added to the Penal Code, to read:

459.5. (a) Notwithstanding Section 459, shoplifting is defined as entering a commercial establishment with intent to commit larceny while that establishment is open during regular business hours, where the value of the property that is taken or intended to be taken does not exceed nine hundred fifty dollars (\$950). Any other entry into a commercial establishment with intent to commit larceny is burglary. Shoplifting shall be punished as a misdemeanor, except that a person with one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 or for an offense requiring registration pursuant to subdivision (c) of Section 290 may be punished pursuant to subdivision (h) of Section 1170.

(b) Any act of shoplifting as defined in subdivision (a) shall be charged as shoplifting. No person who is charged with shoplifting may also be charged with burglary or theft of the same property.

SEC. 6. Section 473 of the Penal Code is amended to read:

473. (a) Forgery is punishable by imprisonment in a county jail for not more than one year, or by imprisonment pursuant to subdivision (h) of Section 1170.

(b) Notwithstanding subdivision (a), any person who is guilty of forgery relating to a check, bond, bank bill, note, cashier's check, traveler's check, or money order, where the value of the check, bond, bank bill, note, cashier's check, traveler's check, or money order does not exceed nine hundred fifty dollars (\$950), shall be punishable by imprisonment in a county jail for not more than one year, except that such person may instead be punished pursuant to subdivision (h) of Section 1170 if that person has one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 or for an offense requiring registration pursuant to subdivision (c) of Section 290. This subdivision shall not be applicable to any person who is convicted both of forgery and of identity theft, as defined in Section 530.5.

SEC. 7. Section 476a of the Penal Code is amended to read:

476a. (a) Any person who, for himself or herself, as the agent or representative of another, or as an officer of a corporation, willfully, with intent to defraud, makes or draws or utters or delivers a check, draft, or order upon a bank or depository, a person, a firm, or a corporation, for the payment of money, knowing at the time of that making, drawing, uttering, or delivering that the maker or drawer or the corporation has not sufficient funds in, or credit with the bank or depository, person, firm, or corporation, for the payment of that check, draft, or order and all other checks, drafts, or orders upon funds then outstanding, in full upon its presentation, although no express representation is made with reference thereto, is punishable by imprisonment in a county jail for not more than one year, or pursuant to subdivision (h) of Section 1170.

(b) However, if the total amount of all checks, drafts, or orders that the defendant is charged with and convicted of making, drawing, or uttering does not exceed ~~four hundred fifty dollars (\$450)~~ nine hundred fifty dollars (\$950), the offense is punishable only by imprisonment in the county jail for not more than one year, except that such person may instead be punished pursuant to subdivision (h) of Section 1170 if that person has one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 or for an offense requiring registration pursuant to subdivision (c) of Section 290. This subdivision shall not be applicable if the defendant has previously been convicted of a ~~three or more violation~~ violations of Section 470, 475, or 476, or of this section, or of the crime of petty theft in a case in which defendant's offense was a violation also of Section 470, 475, or 476 or of this section or if the defendant has previously been convicted of any offense under the laws of any other state or of the United States which, if committed in this state, would have been punishable as a violation of Section 470, 475 or 476 or of this section or if he has been so convicted of the crime of petty theft in a case in which, if defendant's offense had been committed in this state, it would have been a violation also of Section 470, 475, or 476, or of this section.

(c) Where the check, draft, or order is protested on the ground of insufficiency of funds or credit, the notice of protest shall be admissible as proof of presentation, nonpayment, and protest and shall be presumptive evidence of knowledge of insufficiency of funds or credit with the bank or depository, person, firm, or corporation.

(d) In any prosecution under this section involving two or more checks, drafts, or orders, it shall constitute prima facie evidence of the identity of the drawer of a check, draft, or order if both of the following occur:

(1) When the payee accepts the check, draft, or order from the drawer, he or she obtains from the drawer the following information: name and residence of the drawer, business or mailing address, either

a valid driver's license number or Department of Motor Vehicles identification card number, and the drawer's home or work phone number or place of employment. That information may be recorded on the check, draft, or order itself or may be retained on file by the payee and referred to on the check, draft, or order by identifying number or other similar means.

(2) The person receiving the check, draft, or order witnesses the drawer's signature or endorsement, and, as evidence of that, initials the check, draft, or order at the time of receipt.

(e) The word "credit" as used herein shall be construed to mean an arrangement or understanding with the bank or depository, person, firm, or corporation for the payment of a check, draft, or order.

(f) If any of the preceding paragraphs, or parts thereof, shall be found unconstitutional or invalid, the remainder of this section shall not thereby be invalidated, but shall remain in full force and effect.

(g) A sheriff's department, police department, or other law enforcement agency may collect a fee from the defendant for investigation, collection, and processing of checks referred to their agency for investigation of alleged violations of this section or Section 476.

(h) The amount of the fee shall not exceed twenty-five dollars (\$25) for each bad check, in addition to the amount of any bank charges incurred by the victim as a result of the alleged offense. If the sheriff's department, police department, or other law enforcement agency collects a fee for bank charges incurred by the victim pursuant to this section, that fee shall be paid to the victim for any bank fees the victim may have been assessed. In no event shall reimbursement of the bank charge to the victim pursuant to this section exceed ten dollars (\$10) per check.

SEC. 8. Section 490.2 is added to the Penal Code, to read:

490.2. (a) *Notwithstanding Section 487 or any other provision of law defining grand theft, obtaining any property by theft where the value of the money, labor, real or personal property taken does not exceed nine hundred fifty dollars (\$950) shall be considered petty theft and shall be punished as a misdemeanor, except that such person may instead be punished pursuant to subdivision (h) of Section 1170 if that person has one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 or for an offense requiring registration pursuant to subdivision (c) of Section 290.*

(b) *This section shall not be applicable to any theft that may be charged as an infraction pursuant to any other provision of law.*

SEC. 9. Section 496 of the Penal Code is amended to read:

496. (a) Every person who buys or receives any property that has been stolen or that has been obtained in any manner constituting theft or extortion, knowing the property to be so stolen or obtained, or who conceals, sells, withholds, or aids in concealing, selling, or withholding any property from the owner, knowing the property to be so stolen or obtained, shall be punished by imprisonment in a county jail for not more than one year, or imprisonment pursuant to subdivision (h) of Section 1170. However, ~~if the district attorney or the grand jury determines that this action would be in the interests of justice, the district attorney or the grand jury, as the case may be, may, if the value of the property does not exceed nine hundred fifty dollars (\$950), specify in the accusatory pleading that the offense shall be a misdemeanor, punishable only by imprisonment in a county jail not exceeding one year, if such person has no prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 or for an offense requiring registration pursuant to subdivision (c) of Section 290.~~

A principal in the actual theft of the property may be convicted pursuant to this section. However, no person may be convicted both pursuant to this section and of the theft of the same property.

(b) Every swap meet vendor, as defined in Section 21661 of the Business and Professions Code, and every person whose principal business is dealing in, or collecting, merchandise or personal

property, and every agent, employee, or representative of that person, who buys or receives any property of a value in excess of nine hundred fifty dollars (\$950) that has been stolen or obtained in any manner constituting theft or extortion, under circumstances that should cause the person, agent, employee, or representative to make reasonable inquiry to ascertain that the person from whom the property was bought or received had the legal right to sell or deliver it, without making a reasonable inquiry, shall be punished by imprisonment in a county jail for not more than one year, or imprisonment pursuant to subdivision (h) of Section 1170.

Every swap meet vendor, as defined in Section 21661 of the Business and Professions Code, and every person whose principal business is dealing in, or collecting, merchandise or personal property, and every agent, employee, or representative of that person, who buys or receives any property of a value of nine hundred fifty dollars (\$950) or less that has been stolen or obtained in any manner constituting theft or extortion, under circumstances that should cause the person, agent, employee, or representative to make reasonable inquiry to ascertain that the person from whom the property was bought or received had the legal right to sell or deliver it, without making a reasonable inquiry, shall be guilty of a misdemeanor.

(c) Any person who has been injured by a violation of subdivision (a) or (b) may bring an action for three times the amount of actual damages, if any, sustained by the plaintiff, costs of suit, and reasonable attorney's fees.

(d) Notwithstanding Section 664, any attempt to commit any act prohibited by this section, except an offense specified in the accusatory pleading as a misdemeanor, is punishable by imprisonment in a county jail for not more than one year, or by imprisonment pursuant to subdivision (h) of Section 1170.

SEC. 10. Section 666 of the Penal Code is amended to read:

666. (a) ~~Notwithstanding Section 490, every person who, having been convicted three or more times of petty theft, grand theft, a conviction pursuant to subdivision (d) or (e) of Section 368, auto theft under Section 10851 of the Vehicle Code, burglary, carjacking, robbery, or a felony violation of Section 496 and having served a term therefor in any penal institution or having been imprisoned therein as a condition of probation for that offense, and who is subsequently convicted of petty theft, is punishable by imprisonment in a county jail not exceeding one year, or imprisonment pursuant to subdivision (h) of Section 1170.~~

(b) (a) Notwithstanding Section 490, any person described in subdivision (b) paragraph (1) who, having been convicted of petty theft, grand theft, a conviction pursuant to subdivision (d) or (e) of Section 368, auto theft under Section 10851 of the Vehicle Code, burglary, carjacking, robbery, or a felony violation of Section 496, and having served a term of imprisonment therefor in any penal institution or having been imprisoned therein as a condition of probation for that offense, and who is subsequently convicted of petty theft, is punishable by imprisonment in the county jail not exceeding one year, or in the state prison.

(1) (b) This subdivision Subdivision (a) shall apply to any person who is required to register pursuant to the Sex Offender Registration Act, or who has a prior violent or serious felony conviction, as specified in subdivision (e) of Section 667.5 or subdivision (e) of Section 1192.7 clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667, or has a conviction pursuant to subdivision (d) or (e) of Section 368.

(2) (c) This subdivision section shall not be construed to preclude prosecution or punishment pursuant to subdivisions (b) to (i), inclusive, of Section 667, or Section 1170.12.

SEC. 11. Section 11350 of the Health and Safety Code is amended to read:

11350. (a) Except as otherwise provided in this division, every person who possesses (1) any controlled substance specified in subdivision (b), ~~or~~ (c), (e), or paragraph (1) of subdivision (f) of

Section 11054, specified in paragraph (14), (15), or (20) of subdivision (d) of Section 11054, or specified in subdivision (b) or (c) of Section 11055, or specified in subdivision (h) of Section 11056, or (2) any controlled substance classified in Schedule III, IV, or V which is a narcotic drug, unless upon the written prescription of a physician, dentist, podiatrist, or veterinarian licensed to practice in this state, shall be punished by imprisonment *in a county jail for not more than one year, except that such person shall instead be punished pursuant to subdivision (h) of Section 1170 of the Penal Code if that person has one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 of the Penal Code or for an offense requiring registration pursuant to subdivision (c) of Section 290 of the Penal Code.*

~~(b) Except as otherwise provided in this division, every person who possesses any controlled substance specified in subdivision (e) of Section 11054 shall be punished by imprisonment in a county jail for not more than one year or pursuant to subdivision (h) of Section 1170 of the Penal Code.~~

~~(c) (b)~~ Except as otherwise provided in this division, whenever a person who possesses any of the controlled substances specified in subdivision (a) ~~or (b)~~, the judge may, in addition to any punishment provided for pursuant to subdivision (a) ~~or (b)~~, assess against that person a fine not to exceed seventy dollars (\$70) with proceeds of this fine to be used in accordance with Section 1463.23 of the Penal Code. The court shall, however, take into consideration the defendant's ability to pay, and no defendant shall be denied probation because of his or her inability to pay the fine permitted under this subdivision.

~~(d) (c)~~ Except in unusual cases in which it would not serve the interest of justice to do so, whenever a court grants probation pursuant to a felony conviction under this section, in addition to any other conditions of probation which may be imposed, the following conditions of probation shall be ordered:

(1) For a first offense under this section, a fine of at least one thousand dollars (\$1,000) or community service.

(2) For a second or subsequent offense under this section, a fine of at least two thousand dollars (\$2,000) or community service.

(3) If a defendant does not have the ability to pay the minimum fines specified in paragraphs (1) and (2), community service shall be ordered in lieu of the fine.

SEC. 12. Section 11357 of the Health and Safety Code is amended to read:

11357. (a) Except as authorized by law, every person who possesses any concentrated cannabis shall be punished by imprisonment in the county jail for a period of not more than one year or by a fine of not more than five hundred dollars (\$500), or by both such fine and imprisonment, ~~or shall be punished by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code except that such person may instead be punished pursuant to subdivision (h) of Section 1170 of the Penal Code if that person has one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 of the Penal Code or for an offense requiring registration pursuant to subdivision (c) of Section 290 of the Penal Code.~~

(b) Except as authorized by law, every person who possesses not more than 28.5 grams of marijuana, other than concentrated cannabis, is guilty of an infraction punishable by a fine of not more than one hundred dollars (\$100).

(c) Except as authorized by law, every person who possesses more than 28.5 grams of marijuana, other than concentrated cannabis, shall be punished by imprisonment in a county jail for a period of not more than six months or by a fine of not more than five hundred dollars (\$500), or by both such fine and imprisonment.

(d) Except as authorized by law, every person 18 years of age or over who possesses not more than 28.5 grams of marijuana, other than concentrated cannabis, upon the grounds of, or within, any school providing instruction in kindergarten or any of grades 1

through 12 during hours the school is open for classes or school-related programs is guilty of a misdemeanor and shall be punished by a fine of not more than five hundred dollars (\$500), or by imprisonment in a county jail for a period of not more than 10 days, or both.

(e) Except as authorized by law, every person under the age of 18 who possesses not more than 28.5 grams of marijuana, other than concentrated cannabis, upon the grounds of, or within, any school providing instruction in kindergarten or any of grades 1 through 12 during hours the school is open for classes or school-related programs is guilty of a misdemeanor and shall be subject to the following dispositions:

(1) A fine of not more than two hundred fifty dollars (\$250), upon a finding that a first offense has been committed.

(2) A fine of not more than five hundred dollars (\$500), or commitment to a juvenile hall, ranch, camp, forestry camp, or secure juvenile home for a period of not more than 10 days, or both, upon a finding that a second or subsequent offense has been committed.

SEC. 13. Section 11377 of the Health and Safety Code is amended to read:

11377. (a) Except as authorized by law and as otherwise provided in subdivision (b) or Section 11375, or in Article 7 (commencing with Section 4211) of Chapter 9 of Division 2 of the Business and Professions Code, every person who possesses any controlled substance which is (1) classified in Schedule III, IV, or V, and which is not a narcotic drug, (2) specified in subdivision (d) of Section 11054, except paragraphs (13), (14), (15), and (20) of subdivision (d), (3) specified in paragraph (11) of subdivision (c) of Section 11056, (4) specified in paragraph (2) or (3) of subdivision (f) of Section 11054, or (5) specified in subdivision (d), (e), or (f) of Section 11055, unless upon the prescription of a physician, dentist, podiatrist, or veterinarian, licensed to practice in this state, shall be punished by imprisonment in a county jail for a period of not more than one year ~~or pursuant to subdivision (h) of Section 1170 of the Penal Code, except that such person may instead be punished pursuant to subdivision (h) of Section 1170 of the Penal Code if that person has one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 of the Penal Code or for an offense requiring registration pursuant to subdivision (c) of Section 290 of the Penal Code.~~

~~(b) (1) Any person who violates subdivision (a) by unlawfully possessing a controlled substance specified in subdivision (f) of Section 11056, and who has not previously been convicted of a violation involving a controlled substance specified in subdivision (f) of Section 11056, is guilty of a misdemeanor.~~

~~(2) Any person who violates subdivision (a) by unlawfully possessing a controlled substance specified in subdivision (g) of Section 11056 is guilty of a misdemeanor.~~

~~(3) Any person who violates subdivision (a) by unlawfully possessing a controlled substance specified in paragraph (7) or (8) of subdivision (d) of Section 11055 is guilty of a misdemeanor.~~

~~(4) Any person who violates subdivision (a) by unlawfully possessing a controlled substance specified in paragraph (8) of subdivision (f) of Section 11057 is guilty of a misdemeanor.~~

~~(c) (b)~~ In addition to any fine assessed under subdivision (b), the judge may assess a fine not to exceed seventy dollars (\$70) against any person who violates subdivision (a), with the proceeds of this fine to be used in accordance with Section 1463.23 of the Penal Code. The court shall, however, take into consideration the defendant's ability to pay, and no defendant shall be denied probation because of his or her inability to pay the fine permitted under this subdivision.

SEC. 14. Section 1170.18 is added to the Penal Code, to read:

1170.18. (a) A person currently serving a sentence for a conviction, whether by trial or plea, of a felony or felonies who would have been guilty of a misdemeanor under the act that added this section ("this act") had this act been in effect at the time of the offense may petition for a recall of sentence before the trial court that entered the judgment of

conviction in his or her case to request resentencing in accordance with Sections 11350, 11357, or 11377 of the Health and Safety Code, or Section 459.5, 473, 476a, 490.2, 496, or 666 of the Penal Code, as those sections have been amended or added by this act.

(b) Upon receiving a petition under subdivision (a), the court shall determine whether the petitioner satisfies the criteria in subdivision (a). If the petitioner satisfies the criteria in subdivision (a), the petitioner's felony sentence shall be recalled and the petitioner resentenced to a misdemeanor pursuant to Sections 11350, 11357, or 11377 of the Health and Safety Code, or Section 459.5, 473, 476a, 490.2, 496, or 666 of the Penal Code, those sections have been amended or added by this act, unless the court, in its discretion, determines that resentencing the petitioner would pose an unreasonable risk of danger to public safety. In exercising its discretion, the court may consider all of the following:

(1) The petitioner's criminal conviction history, including the type of crimes committed, the extent of injury to victims, the length of prior prison commitments, and the remoteness of the crimes.

(2) The petitioner's disciplinary record and record of rehabilitation while incarcerated.

(3) Any other evidence the court, within its discretion, determines to be relevant in deciding whether a new sentence would result in an unreasonable risk of danger to public safety.

(c) As used throughout this Code, "unreasonable risk of danger to public safety" means an unreasonable risk that the petitioner will commit a new violent felony within the meaning of clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667.

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(d) A person who is resentenced pursuant to subdivision (b) shall be given credit for time served and shall be subject to parole for one year following completion of his or her sentence, unless the court, in its discretion, as part of its resentencing order, releases the person from parole. Such person is subject to Section 3000.08 parole supervision by the Department of Corrections and Rehabilitation and the jurisdiction of the court in the county in which the parolee is released or resides, or in which an alleged violation of supervision has occurred, for the purpose of hearing petitions to revoke parole and impose a term of custody.

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(e) Under no circumstances may resentencing under this section result in the imposition of a term longer than the original sentence.

(f) A person who has completed his or her sentence for a conviction, whether by trial or plea, of a felony or felonies who would have been guilty of a misdemeanor under this act had this act been in effect at the time of the offense, may file an application before the trial court that entered the judgment of conviction in his or her case to have the felony conviction or convictions designated as misdemeanors.

(g) If the application satisfies the criteria in subdivision (f), the court shall designate the felony offense or offenses as a misdemeanor.

(h) Unless requested by the applicant, no hearing is necessary to grant or deny an application filed under subsection (f).

(i) The provisions of this section shall not apply to persons who have one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 or for an offense requiring registration pursuant to subdivision (c) of Section 290.

(j) Any petition or application under this section shall be filed within three years after the effective date of the act that added this section or at a later date upon a showing of good cause.

(k) Any felony conviction that is recalled and resentenced under subdivision (b) or designated as a misdemeanor under subdivision (g) shall be considered a misdemeanor for all purposes, except that such resentencing shall not permit that person to own, possess, or have in his or her custody or control any firearm or prevent his or her conviction under Chapter 2 (commencing with Section 29800) of Division 9 of Title 4 of Part 6.

(l) If the court that originally sentenced the petitioner is not available, the presiding judge shall designate another judge to rule on the petition or application.

(m) Nothing in this section is intended to diminish or abrogate any rights or remedies otherwise available to the petitioner or applicant.

(n) Nothing in this and related sections is intended to diminish or abrogate the finality of judgments in any case not falling within the purview of this act.

(o) A resentencing hearing ordered under this act shall constitute a "post-conviction release proceeding" under paragraph (7) of subdivision (b) of Section 28 of Article I of the California Constitution (Marsy's Law).

SEC. 15. Amendment.

This act shall be broadly construed to accomplish its purposes. The provisions of this measure may be amended by a two-thirds vote of the members of each house of the Legislature and signed by the Governor so long as the amendments are consistent with and further the intent of this act. The Legislature may by majority vote amend, add, or repeal provisions to further reduce the penalties for any of the offenses addressed by this act.

SEC. 16. Severability.

If any provision of this measure, or part of this measure, or the application of any provision or part to any person or circumstances, is for any reason held to be invalid, the remaining provisions, or applications of provisions, shall not be affected, but shall remain in full force and effect, and to this end the provisions of this measure are severable.

SEC. 17. Conflicting Initiatives.

(a) This act changes the penalties associated with certain nonserious, nonviolent crimes. In the event that this measure and another initiative measure or measures relating to the same subject appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure shall be null and void. However, in the event that this measure and another measure or measures containing provisions that eliminate penalties for the possession of concentrated cannabis are approved at the same election, the voters intend such provisions relating to concentrated cannabis in the other measure or measures to prevail, regardless of which measure receives a greater number of affirmative votes. The voters also intend to give full force and effect to all other applications and provisions of this measure, and the other measure or measures, but only to the extent the other measure or measures are not inconsistent with the provisions of this act.

(b) If this measure is approved by the voters but superseded by law by any other conflicting measure approved by the voters at the same election, and the conflicting ballot measure is later held invalid, this measure shall be self-executing and given full force and effect.

SEC. 18. Liberal Construction.

This act shall be liberally construed to effectuate its purposes.

Proposition 48

This law proposed by Assembly Bill 277 of the 2013–2014 Regular Session (Chapter 51, Statutes of 2013) is submitted to the people of California as a referendum in accordance with the provisions of Section 9 of Article II of the California Constitution.

This proposed law adds a section to the Government Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

Proposed Law

SECTION 1. Section 12012.59 is added to the Government Code, to read:

12012.59. (a) (1) *The tribal-state gaming compact entered into in accordance with the federal Indian Gaming Regulatory Act of 1988 (18 U.S.C. Secs. 1166 to 1168, inclusive, and 25 U.S.C. Sec. 2701 et seq.) between the State of California and the North Fork Rancheria Band of Mono Indians, executed on August 31, 2012, is hereby ratified.*

(2) *The tribal-state gaming compact entered into in accordance with the federal Indian Gaming Regulatory Act of 1988 (18 U.S.C. Secs. 1166 to 1168, inclusive, and 25 U.S.C. Sec. 2701 et seq.) between the State of California and the Wiyot Tribe, executed on March 20, 2013, is hereby ratified.*

(b) (1) *In deference to tribal sovereignty, none of the following shall be deemed a project for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code):*

(A) *The execution of an amendment to the tribal-state gaming compacts ratified by this section.*

(B) *The execution of the tribal-state gaming compacts ratified by this section.*

(C) *The execution of an intergovernmental agreement between a tribe and a county or city government negotiated pursuant to the express*

authority of, or as expressly referenced in, the tribal-state gaming compacts ratified by this section.

(D) *The execution of an intergovernmental agreement between a tribe and the Department of Transportation negotiated pursuant to the express authority of, or as expressly referenced in, the tribal-state gaming compacts ratified by this section.*

(E) *The on-reservation impacts of compliance with the terms of the tribal-state gaming compacts ratified by this section.*

(F) *The sale of compact assets, as defined in subdivision (a) of Section 63048.6, or the creation of the special purpose trust established pursuant to Section 63048.65.*

(2) *Except as expressly provided herein, this subdivision does not exempt a city, county, or city and county, or the Department of Transportation, from the requirements of the California Environmental Quality Act.*

Political Party Statements of Purpose

★ Libertarian Party ★

If you are socially tolerant and fiscally responsible, then you're a libertarian.

Libertarian solutions are the most practical, workable, and fair for strengthening our economy and governing our state. If they had been implemented during the last ten years, California would have a robust economy and desirable living conditions based on:

- Thriving private enterprises
- Parental choice in educating their children
- Competitive private healthcare insurance
- Public pensions that don't bankrupt local and district governments
- Laws that apply to all Californians equally, including California's elected officials

Libertarians work to:

- Shrink government operations, thus reducing government expenses and lowering taxes (there are over 300 tax-supported

Libertarian Party of California

Kevin Takenaga, *Chairman*

770 L Street, Suite 950

Sacramento, CA 95814-3361

government agencies that can be closed without endangering government operation, public safety, education, healthcare, and retirement) • Reform public employee pensions that are bankrupting cities, counties and the state • Privatize government services that are best delivered by cost-effective providers • Promote private business development that creates jobs • Guarantee equal treatment under the law for all Californians • Regulate marijuana like wine for adults, making it less available to minors • Adopt a part-time Legislature

Libertarian Party candidates will make these reforms if you support and elect them.

(916) 446-1776

E-mail: office@ca.lp.org

Website: www.ca.lp.org

★ Americans Elect Party ★

No statement provided.

★ Republican Party ★

The California Republican Party seeks to end the status quo in Sacramento and restore our state as the nation's leader in economic growth and innovation by cutting taxes, eliminating red tape, and bringing business back to California.

We want to help build a California where people are once again secure because a vibrant economy is creating jobs and opportunities for everyone who is willing and able to work.

Republicans support reforming our bloated and wasteful government, protecting property rights, providing educational choices for every family, and reducing the burden on taxpayers to grow our economy and generate the jobs and opportunities families need.

California Republican Party

Jim Brulte, *Chairman*

1121 L Street, Suite 207

Sacramento, CA 95814

The Republican Party is the advocate for everyday Californians—not the special interests or big government. We are fighting to protect personal freedom, to provide equality of opportunity, and to ensure that all Californians can work, save, and invest in their future.

Our democracy only works if good people decide to step up and get involved. Our doors are open to you and we hope you will make the personal decision today to protect, improve and build California by joining the California Republican Party. You can learn more by visiting our website at cagop.org today.

(916) 448-9496

Website: www.cagop.org

★ Green Party ★

The Green Party supports viable solutions to our planet's toughest problems, from climate change to historic income inequality. We put people and planet first.

Currently 53 California Greens hold elected office. Voting Green means rejection of austerity against the poor, and support for equity and sustainability. A Green Party government will mean:

ECONOMIC JUSTICE

- Ending poverty through green living wage jobs, affordable housing, single-payer health care, workers' rights and food security for all • A publicly-owned state bank to invest in California instead of Wall Street • Education instead of incarceration, and free public college/university tuition, by reforming Proposition 13 and progressive taxation

ELECTORAL REFORM

- Eliminating corporate money through publicly-financed

Green Party of California
P.O. Box 160, Station A
Richmond, CA 94808

elections • More democracy and fuller representation through proportional representation for state legislature and Congress, and ranked choice voting for statewide executive office • Overturning Top Two

JUSTICE SYSTEM REFORM

- Abolishing the death penalty • A moratorium on prison construction and an end to private prisons • Legalizing marijuana

GREEN ENERGY FUTURE

- Closing Diablo Canyon nuclear power plant • A Solar California, with energy efficiency, conservation and publicly-owned safe, clean renewable energy • Fossil fuel taxes, public transit, eco-cities

Register Green. Vote Green.

(916) 448-3437

E-mail: gpca@cagreens.org

Website: www.cagreens.org

★ Peace and Freedom Party ★

The Peace and Freedom Party is a working-class party in a country run by and for the wealthy and their corporations. We should not have to sacrifice our health, our livelihoods and our planet for our bosses' profits. We can tax the rich, whose wealth is created by workers, to pay for society's needs. We favor:

- Decent jobs and labor rights for all • Free education for all, preschool through university • Free universal health care • Comprehensive services for disabled people • Bring the troops home • End all discrimination. Marriage equality • Full rights for immigrants • Restore and protect the environment • Real democracy and fair political representation. The "top two" law has

Peace and Freedom Party
P.O. Box 24764
Oakland, CA 94623

taken most parties off the general election ballot. We must end it. Please vote for Adam Shbeita for Congress in the 44th District.

While our system puts the wealthy first, we will suffer war, police brutality, low wages, unsafe workplaces and pollution. We advocate socialism, the ownership and democratic control of the economy by working people. If we join together to take back our industries and natural resources, we can work together for the common good, rather than being slaves to the rich and their corporations.

Register Peace and Freedom Party!

(510) 465-9414

E-mail: info@peaceandfreedom.org

Website: www.peaceandfreedom.org

★ Democratic Party ★

Democrats believe the success of California's economy is rooted in the well-being of working families, not with Wall Street banks.

In California, under the leadership of Governor Jerry Brown, Democratic policy solutions have delivered a balanced budget, stopped the cuts to education and expanded access to affordable health care for families.

Democrats are working to fight global warming, increase investment in renewable energy sources and to keep college affordable for the middle class.

California Democratic Party
John L. Burton, *Chairman*
1830 9th Street
Sacramento, CA 95811

We believe that schools and local public safety are important priorities that must be protected.

Democrats know that our state works best when all Californians are given the same opportunity to succeed, no matter their race, religion, ethnicity or sexual orientation.

With your help, Democrats will continue to develop bold, innovative solutions to meet both our state and our nation's challenges.

Please visit us at www.cadem.org to learn more.

E-mail: info@cadem.org

Website: www.cadem.org

Facebook: [facebook.com/cadems](https://www.facebook.com/cadems)

Twitter: @CA_Dem

★ American Independent Party ★

No statement provided.

County Elections Offices

Alameda County

(510) 272-6933 or (510) 272-6973
www.acgov.org/rov

Alpine County

(530) 694-2281
www.alpinecountyca.gov

Amador County

(209) 223-6465
www.amadorgov.org

Butte County

(530) 538-7761 or
(800) 894-7761 (Butte County only)
<http://buttevotes.net>

Calaveras County

(209) 754-6376
www.elections.calaverasgov.us

Colusa County

(530) 458-0500 or (877) 458-0501
www.countyofcolusa.org/elections

Contra Costa County

(925) 335-7800 or (925) 335-7874
www.cocovote.us

Del Norte County

(707) 464-7216
www.co.del-norte.ca.us

El Dorado County

(530) 621-7480 or (800) 730-4322
www.edcgov.us/elections

Fresno County

(559) 600-VOTE (8683)
www.co.fresno.ca.us/elections

Glenn County

(530) 934-6414
www.countyofglenn.net/govt/departments/elections

Humboldt County

(707) 445-7481
www.co.humboldt.ca.us/election

Imperial County

(760) 482-4226 or (760) 482-4285
www.co.imperial.ca.us/elections

Inyo County

(760) 878-0224 or (760) 878-0410
www.inyocounty.us/Recorder/Clerk-Recorder.html

Kern County

(661) 868-3590
www.co.kern.ca.us/elections

Kings County

(559) 852-4401
www.countyofkings.com

Lake County

(707) 263-2372
www.co.lake.ca.us/Government/Directory/Rov.htm

Lassen County

(530) 251-8217 or (530) 251-8352
www.lassencounty.org

Los Angeles County

(800) 815-2666
www.lavote.net

Madera County

(559) 675-7720 or (800) 435-0509
www.madera-county.com

Marin County

(415) 473-6456
www.marinvotes.org

Mariposa County

(209) 966-2007
www.mariposacounty.org

Mendocino County

(707) 234-6819
www.co.mendocino.ca.us/acr

Merced County

(209) 385-7541 or (800) 561-0619
www.mercedelections.org

Modoc County

(530) 233-6205
www.co.modoc.ca.us

Mono County

(760) 932-5537 or (760) 932-5534
www.monocounty.ca.gov

Monterey County

(831) 796-1499 or (866) 887-9274
www.montereycountyelections.us

Napa County

(707) 253-4321 or (707) 253-4374
www.countyofnapa.org

Nevada County

(530) 265-1298
www.mynevadacounty.com/nc/elections

Orange County

(714) 567-7600
www.ocvote.com

Placer County

(530) 886-5650 or (800) 824-8683
www.placerelections.com

Plumas County

(530) 283-6256
www.countyofplumas.com

Riverside County

(951) 486-7200
www.voteinfo.net

Sacramento County

(916) 875-6451
www.elections.saccounty.net

San Benito County

(831) 636-4016 or (877) 777-4017
www.sbcvvote.us

San Bernardino County

(909) 387-8300
www.sbcountyelections.com

San Diego County

(858) 565-5800 or (800) 696-0136
www.sdvote.com

San Francisco County

(415) 554-4375
www.sfelections.org

San Joaquin County

(209) 468-2885
www.sjcrov.org

San Luis Obispo County

(805) 781-5228 or (805) 781-5080
www.slovote.com

San Mateo County

(650) 312-5222
www.shapethefuture.org

Santa Barbara County

(800) SBC-VOTE or (805) 568-2200
www.sbcvvote.com

Santa Clara County

(408) 299-VOTE (8683)
www.sccvvote.org

Santa Cruz County

(831) 454-2060 or (866) 282-5900
www.votescount.com

Shasta County

(530) 225-5730
www.elections.co.shasta.ca.us

Sierra County

(530) 289-3295
www.sierracounty.ca.gov

Siskiyou County

(530) 842-8084 or
(888) 854-2000 EXT. 8084
www.sisvotes.org

Solano County

(707) 784-6675
www.solanocounty.com/elections

Sonoma County

(707) 565-6800 or (800) 750-VOTE (8683)
vote.sonoma-county.org

Stanislaus County

(209) 525-5200
www.stanvvote.com

Sutter County

(530) 822-7122
www.suttercounty.org/elections

Tehama County

(530) 527-8190 or (530) 527-0454
www.co.tehama.ca.us

Trinity County

(530) 623-1220
www.trinitycounty.org

Tulare County

(559) 624-7300 or (559) 624-7302
www.tularecounty.ca.gov/registrarofvoters

Tuolumne County

(209) 533-5570
www.tuolumnecounty.ca.gov

Ventura County

(805) 654-2664
venturavote.org

Yolo County

(530) 666-8133 or (800) 649-9943
www.yoloelections.org

Yuba County

(530) 749-7855
www.yubaelections.org

Voter Bill of Rights

1. You have the right to cast a ballot if you are a valid registered voter.

A valid registered voter means a United States citizen who is a resident in this state, who is at least 18 years of age and not in prison or on parole for conviction of a felony, and who is registered to vote at his or her current residence address.

2. You have the right to cast a provisional ballot if your name is not listed on the voting rolls.
3. You have the right to cast a ballot if you are present and in line at the polling place prior to the close of the polls.
4. You have the right to cast a secret ballot free from intimidation.
5. You have the right to receive a new ballot if, prior to casting your ballot, you believe you made a mistake.

If at any time before you finally cast your ballot, you feel you have made a mistake, you have the right to exchange the spoiled ballot for a new ballot. Vote-by-mail voters may also request and receive a new ballot if they return their spoiled ballot to an elections official prior to the closing of the polls on election day.

6. You have the right to receive assistance in casting your ballot, if you are unable to vote without assistance.
7. You have the right to return a completed vote-by-mail ballot to any precinct in the county.
8. You have the right to election materials in another language, if there are sufficient residents in your precinct to warrant production.
9. You have the right to ask questions about election procedures and observe the election process.
You have the right to ask questions of the precinct board and elections officials regarding election procedures and to receive an answer or be directed to the appropriate official for an answer. However, if persistent questioning disrupts the execution of their duties, the board or election officials may discontinue responding to questions.
10. You have the right to report any illegal or fraudulent activity to a local elections official or to the Secretary of State's Office.

**If you believe you have been denied any of these rights,
or you are aware of any election fraud or misconduct, please call the
Secretary of State's confidential toll-free Voter Hotline at (800) 345-VOTE (8683).**

Information on your voter registration affidavit will be used by elections officials to send you official information on the voting process, such as the location of your polling place and the issues and candidates that will appear on the ballot. Commercial use of voter registration information is prohibited by law and is a misdemeanor. Voter information may be provided to a candidate for office, a ballot measure committee, or other person for election, scholarly, journalistic, political, or governmental purposes, as determined by the Secretary of State. Driver license and social security numbers, or your signature as shown on your voter registration card, cannot be released for these purposes. If you have any questions about the use of voter information or wish to report suspected misuse of such information, please call the Secretary of State's Voter Hotline at (800) 345-VOTE (8683).

Certain voters facing life-threatening situations may qualify for confidential voter status. For more information, contact the Secretary of State's Safe at Home program toll-free at (877) 322-5227 or visit www.sos.ca.gov.

California Secretary of State
Elections Division
1500 11th Street
Sacramento, CA 95814

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SECRETARY OF STATE



CALIFORNIA GENERAL ELECTION

www.voterguide.sos.ca.gov

For additional copies of the Voter Information Guide in English, please contact your county elections office or call (800) 345-VOTE (8683). For TTY/TDD, call (800) 833-8683.

Para obtener copias adicionales de la Guía de Información para el Votante en español, póngase en contacto con la oficina electoral de su condado o llame al (800) 232-VOTA (8682).

如需索取額外的中文選民資訊指南，請與您的縣立選舉辦事處聯繫或致電(800) 339-2857。

हिन्दी में मतदाता जानकारी मार्गदर्शिका की अतिरिक्त प्रतियां प्राप्त करने के लिए, कृपया अपने काउंटी चुनाव कार्यालय से संपर्क करें या इस नंबर पर फ़ोन करें (888) 345-2692।

投票情報ガイドの日本語版をご希望の場合は、最寄の郡選挙事務所にお問い合わせになるか(800) 339-2865にお電話ください。

OFFICIAL VOTER INFORMATION GUIDE

Last day to register to vote
Monday, October 20, 2014

Remember to vote!
Tuesday, November 4, 2014
Polls are open from 7:00 a.m. to 8:00 p.m.

សំរាប់សំណើបន្ថែម នៃព័ត៌មានណែនាំអ្នកបោះឆ្នោត ជាភាសាខ្មែរ សូមទាក់ទងការិយាល័យបោះឆ្នោត ខេត្តឆ្នាំងស្រួច ឬទូរស័ព្ទ (888) 345-4917។

한국어로 된 유권자 정보 지침의 사본이 추가로 필요할 경우 해당 카운티 선거관리 사무실로 연락하거나 다음 번호로 전화하십시오: (866) 575-1558

Para sa mga karagdagang kopya ng Patnubay na Impormasyon Para sa Botante sa Tagalog, mangyaring makipag-ugnayan sa opisina sa mga halalan ng inyong county o tumawag sa (800) 339-2957.

สำหรับสำเนาเพิ่มเติมของคู่มือสำหรับผู้ออกเสียงเลือกตั้งเป็นภาษาไทย กรุณาติดต่อสำนักงานการเลือกตั้งประจำเทศบาลของคุณ หรือโทรศัพท์ถึง (855) 345-3933

Muốn có thêm Tập Hướng Dẫn Cử Tri bằng Việt Ngữ, xin liên lạc với văn phòng bầu cử quận của quý vị hoặc gọi số (800) 339-8163.

To reduce election costs, the State mails only one guide to each voting household.

★ SUPPLEMENTAL ★

CALIFORNIA GENERAL ELECTION TUESDAY, NOVEMBER 4, 2014

This guide is a supplement to the first Official Voter Information Guide.
It contains information about Proposition 1, which was added to the ballot after the first voter guide was printed.

★ OFFICIAL VOTER INFORMATION GUIDE ★

Certificate of Correctness

I, Debra Bowen, Secretary of State of the State of California,
hereby certify that this guide has been prepared in accordance with the law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 12th day of September, 2014.

Debra Bowen



Debra Bowen
Secretary of State

★ SUPPLEMENTAL ★

Polls are
open from
7:00 a.m. to 8:00 p.m.
on Election Day



Secretary of State

Dear Fellow Voter,

Recently you received the **Official Voter Information Guide** for the November 4 General Election. The deadline for placing legislative measures on the ballot was June 26. After that deadline, the Legislature and Governor added Proposition 1 to the ballot. My team created this **Supplemental Official Voter Information Guide** to provide the information you need to make your decision about the additional ballot measure.

Remember: there are two state voter information guides for this election, as well as your county sample ballot booklet, and they all may not arrive in your mailbox on the same day. I encourage you to take the time to learn about all six of the statewide measures that will be on your ballot.

Your county sample ballot booklet has information about candidates and measures unique to your region. For more election details, such as how to check your voter registration, find your polling place, or confirm your vote-by-mail ballot was received, visit www.sos.ca.gov/elections or call (800) 345-8683.

Every registered voter has a choice of voting by mail or voting in a local polling place. The last day to request a vote-by-mail ballot from your county elections office is October 28. On Election Day, polls will be open from 7:00 a.m. to 8:00 p.m.

This second voter guide contains a title and summary of the additional ballot measure prepared by Attorney General Kamala D. Harris; impartial analysis of the ballot measure and potential cost to taxpayers prepared by Legislative Analyst Mac Taylor; ballot measure arguments prepared by proponents and opponents; text of the proposed law prepared and proofed by Legislative Counsel Diane F. Boyer-Vine; and other useful information. The guide was printed under the supervision of State Printer David Gerald "Jerry" Hill.

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For more information about your voting rights, see page 31 of this guide.

Voter Registration

You are responsible for updating your voter registration information if you change your name, change your home address, change your mailing address, or want to change or select a political party.

Registering to vote is easier than ever with the online form at *RegisterToVote.ca.gov*. Voter registration applications are also available at most post offices, libraries, city and county government offices, and the California Secretary of State's office.

Find Your Polling Place

Polling places are established by county elections officials. When you receive your county sample ballot booklet in the mail a few weeks before Election Day, look for your polling place address on the back cover.

If you moved to your new address after October 20, 2014, you may vote at your former polling place.

Many county elections offices offer polling place look-up assistance through websites or phone numbers. For more information, visit the Secretary of State's website at www.sos.ca.gov/elections/find-polling-place.htm or call the toll-free Voter Hotline at (800) 345-8683.

On Election Day, polls will be open from 7:00 a.m. to 8:00 p.m. If you are in line before 8:00 p.m., you will be able to vote.

If your name is not on the voter list at your polling place, you have the right to vote a provisional ballot. A provisional ballot looks like a regular ballot but you will place it in a special envelope. Your provisional ballot will be counted after elections officials have confirmed that you are registered to vote in that county and you did not already vote in that election.

You may vote a provisional ballot at any polling place in the county in which you are registered to vote.

How to Vote

You have two choices when voting. You may vote in person at a polling place in your county or you may vote by mail. You do not have to vote in every contest on your ballot. Your vote will be counted for each contest you vote in. For more information about your voting rights, see page 31 of this guide.

Voting at the Polling Place on Election Day

When you arrive at your polling place, a poll worker will ask for your name and check the official list of registered voters for that polling place. After you sign next to your name on the list, the poll worker will give you a paper ballot, unique passcode, or computer memory card, depending on the voting system your county uses. Go to a private booth and start voting.

Poll workers are there to assist voters. If you are not familiar with how to mark a ballot, ask a poll worker for instructions. If you make a mistake in marking the ballot, ask a poll worker how to correct a mistake or ask for a new ballot and start over.

State and federal laws require polling places to be physically accessible to voters with disabilities. Every person who works in a polling place is trained in elections laws and voter rights, including the need to make reasonable modifications of policies and procedures to ensure equal access.

Voting by Mail

After you mark your choices on your vote-by-mail ballot, put it in the official envelope provided by your county elections office and seal it. Sign the outside of the envelope where directed. To ensure it arrives by the deadline, return your ballot either:

- By mail, as long as your ballot is received by your county elections office by 8:00 p.m. on Election Day. Since postmarks do not count, mail your ballot a few days before Election Day.
- In person, to your county elections office or any polling place in your county before 8:00 p.m. on Election Day.

Even if you receive your vote-by-mail ballot, you can change your mind and vote at your polling place on Election Day. Bring your vote-by-mail ballot to the polling place and give it to a poll worker to exchange for a polling place ballot. If you do not have your vote-by-mail ballot, you will be allowed to vote on a provisional ballot.

Quick-Reference Guide

Prop 1 Water Bond. Funding for Water Quality, Supply, Treatment, and Storage Projects.

Summary

Put on the Ballot by the Legislature

Authorizes \$7.545 billion in general obligation bonds for state water supply infrastructure projects, including surface and groundwater storage, ecosystem and watershed protection and restoration, and drinking water protection. Fiscal Impact: Increased state bond costs averaging \$360 million annually over 40 years. Local government savings for water-related projects, likely averaging a couple hundred million dollars annually over the next few decades.

What Your Vote Means

YES A YES vote on this measure means: The state could sell \$7.1 billion in additional general obligation bonds—as well as redirect \$425 million in unsold general obligation bonds that were previously approved by voters for resource-related uses—to fund various water-related programs.

NO A NO vote on this measure means: The state could not sell \$7.1 billion in additional general obligation bonds to fund various water-related programs. In addition, \$425 million in unsold general obligation bonds would continue to be available for resource-related uses as previously approved by voters.

Arguments

PRO PROPOSITION 1 provides a reliable supply of water for farms, businesses and communities, especially during droughts. It supports economic growth and protects the environment. It is fiscally responsible, is guided by a comprehensive state water plan and does NOT raise taxes. Democrats and Republicans Agree: VOTE YES ON PROPOSITION 1!

CON California can't afford Prop. 1's misplaced spending. It does little to relieve the drought or improve regional water self-sufficiency. It threatens our rivers and streams. Private water users won't pay for these dams; taxpayers shouldn't either. Prop. 1 drains funding for schools, health care, roads and public safety. VOTE NO!

For Additional Information

For

Tom Willis
Yes on Propositions 1 and 2
2355 Broadway #407
Oakland, CA 94612
(510) 210-5001
INFO@YesonProps1and2.com
YesonProps1and2.com

Against

No on Prop. 1
(209) 475-9663
info@NoonProp1.org
www.NoonProp1.org

Supplemental Voter Guide

This guide contains information about Proposition 1, which was added to the ballot after the first voter guide was printed.

Visit the Secretary of State's Website to:

- Research campaign contributions and lobbying activity
<http://cal-access.sos.ca.gov>
- View this voter guide in other languages
www.voterguide.sos.ca.gov
- Find your polling place on Election Day
www.sos.ca.gov/elections/find-polling-place.htm
- Get vote-by-mail ballot information
www.sos.ca.gov/elections/elections_m.htm
- Read helpful information for first-time voters
www.sos.ca.gov/elections/new-voter
- Watch live election results after polls close on Election Day
<http://vote.sos.ca.gov>

Top Contributors to Statewide Candidates and Ballot Measures

When a committee supports or opposes a ballot measure or candidate and raises at least \$1 million, the committee must report its top 10 contributors to the California Fair Political Practices Commission (FPPC). The committee must update the top 10 list when there is any change. These lists are available on the FPPC website at www.fppc.ca.gov/top10Nov2014 or www.fppc.ca.gov/candidateNov2014.

Water Bond. Funding for Water Quality, Supply, Treatment, and Storage Projects.

Official Title and Summary

Prepared by the Attorney General

Water Bond. Funding for Water Quality, Supply, Treatment, and Storage Projects.

- Authorizes \$7.12 billion in general obligation bonds for state water supply infrastructure projects, such as surface and groundwater storage; ecosystem and watershed protection and restoration; drinking water protection; water supply management; water recycling and advanced water treatment technology; and flood control.
- Reallocates \$425 million of unused bond authority from prior water bond acts, for same purposes.
- Appropriates money from the General Fund to pay off bonds.
- Requires certain projects to provide matching funds from non-state sources in order to receive bond funds.

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

- Increased state bond repayment costs averaging \$360 million annually over the next 40 years.
- Savings to local governments related to water projects, likely averaging a couple hundred million dollars annually over the next few decades.

State Bond Cost Estimates

Authorized new borrowing	\$7.1 billion
Average annual cost to pay off bonds	\$360 million
Likely repayment period	40 years
Source of repayment	General tax revenues

Final Votes Cast by the Legislature on AB 1471 (Proposition 1) (Chapter 188, Statutes of 2014)

Senate:	Ayes 37	Noes 0
Assembly:	Ayes 77	Noes 2

Analysis by the Legislative Analyst

Background

Sources of Water in California. A majority of the state's water comes from rivers, much of it from Northern California and from snow in the Sierra Nevada Mountains. Water available underground (referred to as "groundwater") makes up roughly a third of the state's water use and is more heavily relied on in dry years. A small share of the state's water also comes from other sources, such as capturing rainwater, reusing wastewater (water recycling), and removing the salt from ocean water (desalination).

Meeting the State's Water Needs. Providing clean water throughout California while protecting the environment presents several key challenges. First, water is not always available where it is needed. For example, water from Northern California is delivered to other parts of the state, such as farmland in the Central Valley and population centers in the San Francisco Bay Area

and Southern California. Second, the amount of water available can change widely from year to year. So, when less water is available in dry years, it can be difficult to provide all of the water that people want throughout the state. This can include providing enough water to maintain natural habitats—such as wetlands—for endangered species as is required under state and federal laws. However, in very wet years the state can sometimes experience floods, particularly in the Central Valley. Third, water is sometimes polluted, making it unsuitable for drinking, irrigating crops, or fish habitat. Fourth, parts of the state's water system have affected natural habitats. For example, providing more water for drinking and irrigation has reduced the water available for fish.

In order to address these challenges, California has built various projects. Some projects use natural rivers—as well as pipelines, pumping stations, and canals—to deliver water used for drinking or farming throughout the state. These projects also include dams and other

Analysis by the Legislative Analyst

Continued

types of water storage to hold water for when it is needed. Other projects to meet the state's water challenges include water treatment plants to remove pollutants from drinking water and wastewater, systems to clean up runoff from storms, and levees to prevent floods.

Environment and Water System Are Linked. The state's water system and the environment are linked in several ways. As noted above, the use of water for irrigation and drinking water affects natural habitats used by fish and wildlife. These effects on natural habitats are made worse by pollution, which harms water quality for fish, wildlife, and people. The state has taken a variety of actions to improve natural habitats and water quality. These include restoring watersheds (an area of land that drains into a body of water) by reintroducing native plants and animals. The state has also provided water to rivers when needed by fish species.

Roles of Various Governments in Water System. The state, federal, and local governments play important roles in providing clean and reliable water supplies. Most spending on water programs in the state is done at the local level, such as by water districts, cities, and counties. In recent years, local governments have spent about \$26 billion per year to supply water and to treat wastewater. About 80 percent of this spending is paid for by individuals as ratepayers of water and sewer bills. In addition, local governments pay for projects using other sources, including state funds, federal funds, and local taxes. While most people get their water from these public water agencies, about one-sixth of Californians get their water from private water companies.

The state runs programs to (1) conserve, store, and transport water around the state; (2) protect water quality; (3) provide flood control; and (4) protect fish and wildlife habitat. The state provides support for these programs through direct spending, as well as grants and loans to local governments, nonprofit organizations, and privately owned water companies. (The federal government runs similar programs.) Funding for these state programs usually comes from bonds and fees. Since 2000, voters have approved about \$20 billion in bonds for various environmental purposes, including water. Currently, about \$900 million (5 percent) of these bonds remain available for new projects.

Proposal

This measure provides a total of \$7.5 billion in general obligation bonds for various water-related programs. First, the measure allows the state to sell \$7.1 billion in

additional bonds. Second, the measure redirects \$425 million in unsold bonds that voters previously approved for water and other environmental uses. The state repays these bonds, with interest, using the state's General Fund. (The General Fund is the state's main operating account, which pays for education, prisons, health care, and other services.)

Uses of Funds

As shown in Figure 1 (see next page) and described below, the bond measure provides funding to (1) increase water supplies, (2) protect and restore watersheds, (3) improve water quality, and (4) increase flood protection. The bond money would be available to state agencies for various projects and programs, as well as for loans and grants to local governments, private water companies, mutual water companies (where water users own the company), Indian tribes, and nonprofit organizations.

Funds for Water Supplies (\$4.2 Billion). About \$4.2 billion would fund projects intended to improve water supplies, in order to make more water available for use. Specifically, the bond includes:

- ***\$2.7 Billion for New Water Storage.*** The bond includes \$2.7 billion to pay up to half of the cost of new water storage projects, including dams and projects that replenish groundwater. This funding could only be used to cover costs related to the "public benefits" associated with water storage projects, including restoring habitats, improving water quality, reducing damage from floods, responding to emergencies, and improving recreation. Local governments and other entities that rely on the water storage project would be responsible for paying the remaining project costs. These costs would generally be associated with private benefits (such as water provided to their customers).
- ***\$810 Million for Regional Water Projects.*** The bond also provides \$810 million for regional projects that are included in specific plans developed by local communities. These projects are intended to improve water supplies, as well as provide other benefits, such as habitat for fish and flood protection. The amount provided includes \$510 million for allocations to specific regions throughout the state and \$300 million for specific types of water supplies, including projects and plans to manage runoff from storms in urban areas and water conservation projects and programs.

Analysis by the Legislative Analyst

Continued

- **\$725 Million for Water Recycling.** The bond includes \$725 million for projects that treat wastewater or saltwater so that it can be used later. For example, the funds could be used to test new treatment technology, build a desalination plant, and build pipes to deliver recycled water.

Funds to Protect and Restore Watersheds (\$1.5 Billion). These monies would fund projects intended to protect and restore watersheds and other habitat throughout the state. This funding could be used to restore bodies of water that support native, threatened, or endangered species of fish and wildlife; purchase land for conservation purposes; reduce the risk of wildfires in watersheds; and purchase water to support wildlife. These funds include \$515 million to restore watersheds in designated regions around the state (including \$140 million specifically for projects in the Sacramento-San Joaquin Delta [Delta]) and \$475 million to pay for certain state commitments to fund environmental restorations. The remaining funding would be available to applicants statewide for programs

that restore habitat and watersheds (\$305 million) and increase the amount of water flowing in rivers and streams, for example by buying water (\$200 million).

Funds to Improve Groundwater and Surface Water Quality (\$1.4 Billion). The bond includes over \$1.4 billion to improve groundwater and surface water quality. More than half of this funding (\$800 million) would be used for projects to clean up and prevent polluted groundwater that is, or has been, a source of drinking water. The remaining funds would be available to (1) improve access to clean drinking water (\$260 million), (2) help small communities pay for wastewater treatment (\$260 million), and (3) provide grants to local governments to develop and implement plans to manage their groundwater supply and quality (\$100 million).

Funds for Flood Protection (\$395 Million). The bond provides \$395 million for projects that both protect the state from floods and improve fish and wildlife habitat. While \$100 million of this funding

Figure 1

Uses of Proposition 1 Bond Funds

(In Millions)

Water Supply	\$4,235
• Dams and groundwater storage—cost share associated with public benefits.	\$2,700
• Regional projects to achieve multiple water-related improvements (includes conservation and capturing rainwater).	810
• Water recycling, including desalination.	725
Watershed Protection and Restoration	\$1,495
• Watershed restoration and habitat protection in designated areas around the state.	\$515
• Certain state commitments for environmental restorations.	475
• Restoration programs available to applicants statewide.	305
• Projects to increase water flowing in rivers and streams.	200
Improvements to Groundwater and Surface Water Quality	\$1,420
• Prevention and cleanup of groundwater pollution.	\$800
• Drinking water projects for disadvantaged communities.	260
• Wastewater treatment in small communities.	260
• Local plans and projects to manage groundwater.	100
Flood Protection	\$395
• Repairs and improvements to levees in the Delta.	\$295
• Flood protection around the state.	100
Total	\$7,545

Analysis by the Legislative Analyst

Continued

could be spent on flood control projects anywhere in the state, \$295 million is set aside to improve levees or respond to flood emergencies in the Delta.

Requirements for Allocating and Spending Funds

How Projects Would Be Selected. The measure includes several provisions that would affect how specific projects are chosen to receive bond funds. The California Water Commission—an existing state planning and regulatory agency—would choose which water storage projects would be funded with the \$2.7 billion provided in the bond for that use. The Commission would not have to go through the state budget process to spend these funds. For all other funding provided in the measure, the Legislature generally would allocate money annually to state agencies in the state budget process. While the Legislature could provide state agencies with some direction on what types of projects or programs could be chosen, the measure states that the Legislature cannot allocate funding to specific projects. Instead, state agencies would choose the projects. In addition, none of the funding in the measure can be used to build a canal or tunnel to move water around the Delta.

Requirements for Matching Funds. Of the \$7.5 billion in funds made available by the measure, \$5.7 billion is available only if recipients—mostly local governments—provide funding to support the projects. This matching requirement only applies to the water supply and water quality projects funded by the measure. The required share of matching funds is generally at least 50 percent of the total cost of the project, although this can be waived or reduced in some cases.

Fiscal Effects

Fiscal Effects on State Government. This measure would allow the state to borrow up to \$7.1 billion by selling additional general obligation bonds to investors, who would be repaid with interest using the state's general tax revenues. We assume that (1) the interest rate for the bonds would average just over 5 percent, (2) they would be sold over the next ten years, and (3) they would be repaid over a 30-year period. Based on these assumptions, the cost to taxpayers to repay the bonds would **average about \$360 million annually over the next 40 years**. This amount is about one-third of a percent of the state's current General Fund budget. We

assume that redirecting \$425 million in unsold bonds from previously approved measures would not increase the state's anticipated debt payments. This is because, without this measure, these bonds likely would have been sold in the future to support other projects. (For more information on the state's use of bonds and the impact of this proposed bond measure on the state's budget, see "Overview of State Bond Debt" later in this guide.)

Fiscal Effects on Local Governments. The availability of state bond funds for local water projects would affect how much local governments, primarily water agencies, spend on water projects. In many cases, the availability of state bonds could reduce local spending. For example, this would occur in cases where state bond funds replaced monies that local governments would have spent on projects anyway. Local savings would also occur in cases where the availability of state bond funds allowed local governments to build projects that reduced operating costs, such as by increasing efficiency or using a new water source that allows them to purchase less water.

However, in some cases, state bond funds could increase spending on water projects by local governments. For example, the availability of bond funds might encourage some local governments to build additional or substantially larger projects than they would otherwise. These projects could also be more expensive to operate.

On balance, we estimate that this measure would result in savings to local governments on water-related projects. These savings would likely average a couple hundred million dollars annually over the next few decades.

An individual local government might use these savings in various ways. For example, it might use the savings to build other new facilities or for maintenance and repair of existing facilities. In other cases, a government might use the savings to keep water rates lower than they otherwise would be by delaying or reducing future rate increases. Since the amount of statewide savings in any given year is likely to be small relative to the overall amount spent by local governments on water, any effect on rates would likely be small for most ratepayers.

Visit <http://cal-access.sos.ca.gov> for details about money contributed in this contest.

★ Argument in Favor of Proposition 1 ★

YES ON PROPOSITION 1 ENSURES A RELIABLE WATER SUPPLY FOR FARMS AND BUSINESSES DURING SEVERE DROUGHT—PROTECTING BOTH THE ECONOMY AND THE ENVIRONMENT

California is in a severe, multi-year drought and has an aging water infrastructure. That is why Republicans and Democrats and leaders from all over California came together in nearly unanimous fashion to place this fiscally responsible measure on the ballot.

YES ON 1 SUPPORTS A COMPREHENSIVE STATE WATER PLAN

- Provides safe drinking water for all communities
- Expands water storage capacity
- Ensures that our farms and businesses get the water they need during dry years
- Manages and prepares for droughts
- Invests in water conservation, recycling and improved local water supplies
- Increases flood protection
- Funds groundwater cleanup
- Cleans up polluted rivers and streams
- Restores the environment for fish and wildlife

YES ON 1 IS FISCALLY RESPONSIBLE

Proposition 1 will not raise taxes. It is a no-frills investment in critical projects that doesn't break the bank—it even reallocates money from unused bonds to make better use of the money.

YES ON 1 GROWS CALIFORNIA'S ECONOMY

California's economy depends on a reliable water supply. Proposition 1 secures our water future, keeps our family farms and businesses productive, and puts Californians to work building the new facilities we need to store, deliver, and treat water.

YES ON 1 SAFEGUARDS OUR EXISTING WATER SUPPLIES

Proposition 1 will clean up our contaminated groundwater which serves as a critical buffer against drought by providing additional water in years when there is not enough rainfall or snow.

Proposition 1 expands water recycling and efficiency improvements making the best use of our existing supplies.

Proposition 1 provides funding for clean drinking water in communities where water is contaminated.

YES ON 1 STORES WATER WHEN WE HAVE IT

Proposition 1 invests in new water storage increasing the amount of water that can be stored during wet years for the dry years that will continue to challenge California.

YES ON 1 PROTECTS THE ENVIRONMENT

Proposition 1 protects California's rivers, lakes, and streams from pollution and contamination and provides for the restoration of our fish and wildlife resources.

PROPOSITION 1 CONTAINS STRICT ACCOUNTABILITY REQUIREMENTS INCLUDING ANNUAL AUDITS, OVERSIGHT AND PUBLIC DISCLOSURE TO ENSURE THE MONEY IS PROPERLY SPENT.

YES ON 1—Supported by REPUBLICANS, DEMOCRATS, FARMERS, LOCAL WATER SUPPLIERS, CONSERVATION GROUPS, BUSINESS, AND COMMUNITY LEADERS INCLUDING:

- United States Senator Dianne Feinstein
- United States Senator Barbara Boxer
- Audubon California
- California Chamber of Commerce
- Delta Counties Coalition
- Los Angeles Area Chamber of Commerce
- Ducks Unlimited
- American Rivers
- Silicon Valley Leadership Group
- Friant Water Authority
- San Diego Water Authority
- Metropolitan Water District of Southern California
- Natural Resources Defense Council
- Northern California Water Association
- State Building and Construction Trades Council of California
- Association of California Water Agencies
- Fresno Irrigation District
- Western Growers

Edmund G. Brown Jr., Governor

Paul Wenger, President
California Farm Bureau Federation

Mike Sweeney, California Director
The Nature Conservancy

★ Rebuttal to Argument in Favor of Proposition 1 ★

Please vote NO on Proposition 1

Instead of focusing on making California's water use more efficient, fixing our aging and leaking water system and cleaning up our groundwater, Proposition 1 instead focuses on building more dams, at a cost of 2.7 billion dollars plus interest. These dams will only increase California's water supply by 1% and won't be usable for decades.

We need more water NOW, not in the distant future. The way to make this happen is to do the quickest and least expensive thing—make better use of our existing water supply and create immediate long-term jobs.

Proposition 1 is unfair to taxpayers. If those who benefit and use the water won't pay for dams, why should taxpayers be stuck with paying the debt for these dams?

Proposition 1 does little for drought relief, fails to promote regional water self-sufficiency, or reduce dependency on the already water deprived Delta ecosystem.

Expensive new dams will increase pressure to divert new water from the Trinity, Klamath and Sacramento rivers at a time of

prolonged drought and reduced flows. These rivers are critical habitat for endangered salmon that are important to all of California and the entire west coast.

Proposition 1 is:

- Bad for the environment, our rivers and our salmon;
- Does not produce new needed water NOW when we need it in the middle of a prolonged drought;
- Unfair to tax payers; and
- A bad deal for California.

Join us in voting NO on Proposition 1

Assemblymember Wesley Chesbro, Chair
Natural Resources Committee

Adam Scow, California Director
Food & Water Watch

Zeke Grader, Executive Director
Pacific Coast Federation of Fishermen's Associations

★ Argument Against Proposition 1 ★

While there are many good things in Proposition 1: water conservation, efficiency reuse and recycling as well as restoration of our watersheds, the serious flaws outweigh the benefits to the people of California.

The water bond passed by the Legislature and signed by the Governor has many attractive elements, but at the end of the day, this bond measure is bad news for the people of California.

Proposition 1 wrongly focuses on building more dams. More than a third of the \$7.5 billion total is earmarked for surface storage, which almost certainly will mean new dams—increasing pressure to over-pump and divert more water from Northern California rivers including the Trinity, the Klamath, and Sacramento rivers. This places them at great risk at a time when a severe and prolonged drought has significantly reduced existing snow packs.

Furthermore, the \$2.7 billion for speculative new dams will not produce new water. All the most productive and cost-effective dam sites in California have already been developed. Proposition 1's new dam projects increase California's total water supply by as little as 1%, while costing nearly \$9 billion to build. These dams would not even be usable for decades.

In a major historic departure for water storage projects, the costs of these new dams and reservoirs will be paid from the state General Fund, and California taxpayers will share the burden of paying off bonds that will drain \$500 million a year from the General Fund.

It's an issue of fairness. The 1960 bond act that financed the State Water Project directed that beneficiaries pay those costs through their water rates. If private water users won't fund

these projects on their own, taxpayers should not be required to underwrite their construction, and then purchase the water later at higher prices. Private water users who are the beneficiaries, not taxpayers, should pay for the cost of these projects.

As the drought deepens, the impact to Californians and fisheries along the California Coast will increase. Our northern rivers are some of the last remaining refuge for endangered salmon species that are on the brink of extinction. Additionally, our rivers provide important spawning habitat for fish that are important to the entire state, up and down the West Coast. This water bond short-changes both the North Coast and California.

Under Proposition 1, water storage money would not be available for Central and North Coast regions. It restricts storage spending to benefit a limited geography in the state, mainly the San Joaquin and Sacramento valleys and Southern California.

Proposition 1 is the wrong investment: it does little for drought relief in the near-term, doesn't adequately promote needed regional water self-sufficiency, or reduce dependency on an already water-deprived Delta ecosystem. As evidenced by shrinking reservoirs and collapsing aquifers, no amount of water storage will produce more rain and snow.

Please join us in voting no on Proposition 1.

Assemblymember Wesley Chesbro, Chair
Natural Resources Committee

Conner Everts, Executive Director
Southern California Watershed Alliance

Barbara Barrigan-Parilla, Executive Director
Restore the Delta

★ Rebuttal to Argument Against Proposition 1 ★

VOTE YES ON PROPOSITION 1

The opponents distort the facts and completely ignore the devastating drought that makes this Water Bond absolutely necessary.

For decades, politicians argued about water while things got worse. But now, a real solution is at hand: Proposition 1—which is supported by Republicans, Democrats, businesses, farmers, environmentalists, labor, and newspapers from every part of the state. It received overwhelming support from both parties, including a unanimous vote in the Senate. This has never happened before.

Our population has more than doubled since the California Water Project was launched, and we are facing one of the worst droughts in our history. No one doubts that California's water system is broken. It must be fixed!

Levees are failing, communities can't get safe drinking water, rivers are drying up, and the farmers are hurting.

Proposition 1 is fiscally prudent. It doesn't raise taxes or fund pork projects. It pays for public benefits such as water quality, flood control, and natural habitat.

Proposition 1 invests in the right things based on a balanced plan crafted by scientists, not politicians.

Water storage is key and we haven't added any new storage in 30 years. Proposition 1 carefully invests only in the most cost-effective storage projects.

Newspapers throughout the state support PROPOSITION 1: It "successfully balances investments in water infrastructure and treatment that benefit all parts of the state . . ."—*San Francisco Chronicle*.

"A bond proposal that will truly help solve the problems."
—*Modesto Bee*.

Yes on PROPOSITION 1!

Edmund G. Brown Jr., Governor

This section describes the state's bond debt. It also discusses how Proposition 1—the \$7.5 billion water bond proposal—would affect state bond costs.

Background

What Are Bonds? Bonds are a way that governments and companies borrow money. The state government, for example, uses bonds primarily to pay for the planning, construction, and renovation of infrastructure projects. The state sells bonds to investors to provide “up-front” funding for these projects and then commits to repay the investors, with interest, over a period of time. The two main types of bonds used by the state to fund infrastructure are general obligation bonds (which must be approved by voters) and lease revenue bonds (which do not have to be approved by voters). Most of the state's general obligation and lease revenue bonds are repaid from the General Fund. The General Fund is the state's main operating account, which it uses to pay for education, prisons, health care, and other services. The General Fund is supported primarily by income and sales tax revenues.

What Do Bonds Fund and Why Are They Used? The state typically uses bonds to fund public infrastructure projects, such as roads, educational facilities, prisons, parks, water projects, and office buildings. State bonds have also been used to help finance certain types of private infrastructure, such as hospitals and housing for veterans. A main reason for issuing bonds is that infrastructure typically provides services over many years. Thus, it is reasonable for both current and future taxpayers to help pay for them. Additionally, the large costs of these projects can be difficult to pay for all at once.

What Are the Costs of Bond Financing? After selling bonds, the state makes annual payments until the bonds are paid off. The annual cost of repaying bonds depends primarily on the interest rate and the time period over which the bonds have to be repaid. The state often makes bond payments over a 30-year period (similar to homeowners making payments on their mortgages). Assuming an interest rate of 5 percent, for each \$1 borrowed, the state would pay close to \$2 over a typical 30-year repayment period. Of that \$2 amount, \$1 would go toward repaying the amount borrowed (the principal) and close to \$1 for interest. However, because the repayment for each bond is spread over the entire 30-year period, the cost after adjusting for inflation is less—about \$1.30 for each \$1 borrowed.

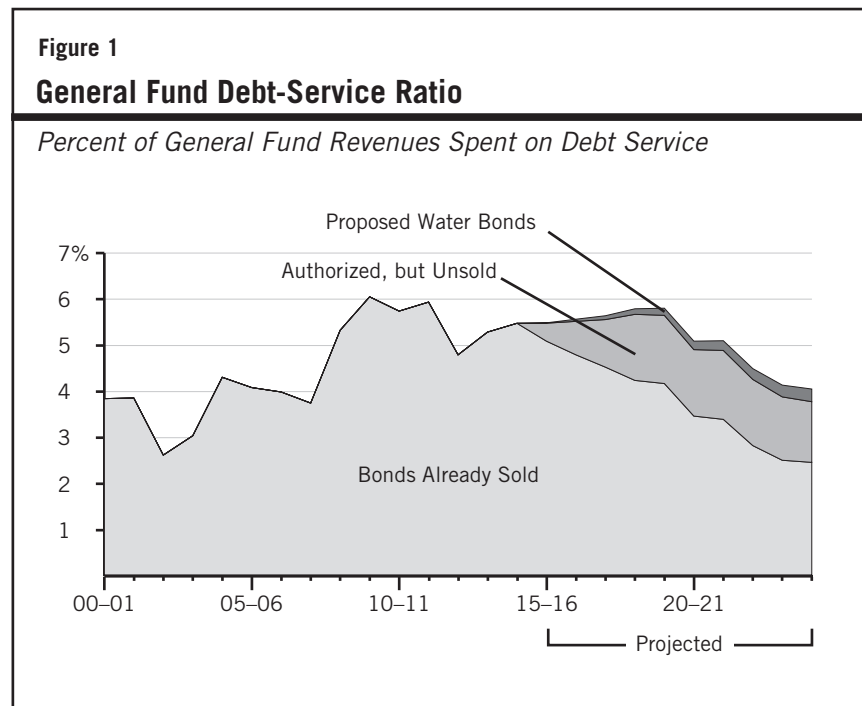
Infrastructure Bonds and the State Budget

Amount of General Fund Debt. The state has about \$87 billion of General Fund-supported infrastructure bonds outstanding—that is, bonds on which it is making principal and interest payments. This consists of about \$76 billion of general obligation bonds and \$11 billion of lease revenue bonds. In addition, the voters and the Legislature have approved about \$29 billion of general obligation and lease revenue infrastructure bonds that have not yet been sold. Most of these bonds are expected to be sold in the coming years as additional projects need funding.

General Fund Debt Payments. In 2013–14, the General Fund's infrastructure bond repayments totaled over \$5 billion. As bonds that were previously authorized but not yet sold are marketed, outstanding bond debt costs will rise, likely peaking at over \$7 billion in 2019–20.

This Election's Impact on Debt Payments. The water bond proposal on this ballot (Proposition 1) would allow the state to borrow an additional \$7.1 billion by selling general obligation bonds to investors. The amount needed to pay the principal and interest on these bonds, also known as the debt service, would depend on the timing and conditions of their sales. We assume an interest rate of just over 5 percent, that the bonds would be issued over a ten-year period, and that the bonds would be repaid over 30 years. Based on these assumptions, the estimated average annual General Fund cost would be about \$360 million. We estimate that the measure would require total debt-service payments of \$14.4 billion over the 40-year period during which the bonds would be paid off. Proposition 1 would also allow the state to redirect \$425 million in unsold bonds that voters approved in previous elections. We assume that, without this measure, these bonds would eventually have been sold to fund other resource-related projects. As a result, redirecting the use of these bond funds would not have any additional fiscal effect on the state.

This Election's Impact on the Debt-Service Ratio (DSR). One indicator of the state's debt situation is its DSR. This ratio indicates the portion of the state's annual General Fund revenues that must be set aside for debt-service payments on infrastructure bonds and, therefore, are not available for other state programs. As shown in Figure 1, the DSR is now about 5 percent of annual General Fund revenues. If voters do not approve the proposed water bond on this ballot, we project that the state's debt service on already authorized bonds will peak at under 6 percent of General Fund revenues in 2018–19, and decline thereafter. If voters approve the proposed water bond on this ballot, we project it would increase the DSR by less than one-third of a percentage point compared to what it would otherwise have been. The state's future DSR would be higher than those shown in the figure if additional bonds were authorized in subsequent years.



Proposition 1

This law proposed by Assembly Bill 1471 of the 2013–2014 Regular Session (Chapter 188, Statutes of 2014) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

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

Proposed Law

SECTION 1. Section 5096.968 is added to the Public Resources Code, to read:

5096.968. *Notwithstanding any other law, one hundred million dollars (\$100,000,000) of the unissued bonds authorized for the purposes of this chapter are reallocated to finance the purposes of, and shall be authorized, issued, and appropriated in accordance with, Division 26.7 (commencing with Section 79700) of the Water Code. The funds available for reallocation shall be made on a pro-rata basis from each bond allocation of this chapter.*

SEC. 2. Section 75089 is added to the Public Resources Code, to read:

75089. *Notwithstanding any other law, one hundred five million dollars (\$105,000,000) of the unissued bonds authorized for the purposes of this division are reallocated for the purposes of, and shall be authorized, issued, and appropriated in accordance with, Division 26.7 (commencing with Section 79700) of the Water Code. The funds available for reallocation shall be made on a pro-rata basis from each bond allocation of this division.*

SEC. 3. Section 13467 is added to the Water Code, to read:

13467. *Notwithstanding any other law, thirteen million five hundred thousand dollars (\$13,500,000) of the unissued bonds authorized for the purposes of subdivision (a) of Section 13459 are reallocated to finance the purposes of, and shall be authorized, issued, and appropriated in accordance with, Division 26.7 (commencing with Section 79700).*

SEC. 4. Section 78691.5 is added to the Water Code, to read:

78691.5. *Notwithstanding any other law, nine million nine hundred thousand dollars (\$9,900,000) of the unissued bonds authorized for the purposes of Sections 78550 to 78551, inclusive, three million two hundred thousand dollars (\$3,200,000) of the unissued bonds authorized for the purposes of Section 78671, three million five hundred thousand dollars (\$3,500,000) of the unissued bonds authorized for the purposes of paragraph (3) of subdivision (a) of Section 78680, and eight million one hundred thousand dollars (\$8,100,000) of the unissued bonds authorized for the purposes of Section 78681.2, and eight hundred thousand dollars (\$800,000) of the unissued bonds authorized for the purposes of Section 78530.5 are reallocated to finance the purposes of, and shall be authorized, issued, and appropriated in accordance with, Division 26.7 (commencing with Section 79700).*

SEC. 5. Section 79222 is added to the Water Code, to read:

79222. *Notwithstanding any other law, thirty-four million dollars (\$34,000,000) of the unissued bonds authorized for the purposes of Section 79157, and fifty-two million dollars (\$52,000,000) of the unissued bonds authorized for the purposes of Section 79195 are reallocated to finance the purposes of, and shall be authorized, issued, and appropriated in accordance with, Division 26.7 (commencing with Section 79700).*

SEC. 6. Section 79591 is added to the Water Code, to read:

79591. *Notwithstanding any other law, ninety-five million dollars (\$95,000,000) of the unissued bonds authorized for the purposes of this division are reallocated for the purposes of, and shall be authorized, issued, and appropriated in accordance with, Division 26.7 (commencing with Section 79700). The funds available for reallocation shall be made on a pro-rata basis from each bond allocation of this division.*

SEC. 8. Division 26.7 (commencing with Section 79700) is added to the Water Code, to read:

DIVISION 26.7. WATER QUALITY, SUPPLY, AND INFRASTRUCTURE IMPROVEMENT ACT OF 2014

CHAPTER 1. SHORT TITLE

79700. *This division shall be known, and may be cited, as the Water Quality, Supply, and Infrastructure Improvement Act of 2014.*

CHAPTER 2. FINDINGS

79701. *The people of California find and declare all of the following:*

(a) *Safeguarding California's supply of clean and safe water for homes, businesses, and farms is an essential responsibility of government, and critical to protecting the quality of life for all Californians.*

(b) *Every Californian should have access to clean, safe, and reliable drinking water.*

(c) *California has been experiencing more frequent and severe droughts and is currently enduring the worst drought in 200 years. These droughts are magnifying the shortcomings of our current water infrastructure.*

(d) *California's water infrastructure continues to age and deteriorate. More than 50 years ago, Californians approved the construction of the State Water Project. In recent decades, however, that infrastructure has proven inadequate to meet California's growing needs.*

(e) *This measure provides funding to implement the three objectives of the California Water Action Plan which are more reliable water supplies, the restoration of important species and habitat, and a more resilient and sustainably managed water infrastructure.*

(f) *Developing and guarding our water resources is critical for California to maintain vibrant communities, globally competitive agriculture, and healthy ecosystems.*

(g) *Encouraging water conservation and recycling are commonsense methods to make more efficient use of existing water supplies.*

(h) Sustainable water management in California depends upon reducing and reversing overdraft and water quality impairment of groundwater basins. Investments to expand groundwater storage and reduce and reverse overdraft and water quality impairment of groundwater basins provide extraordinary public benefit and are in the public interest.

(i) Protecting lakes, rivers, and streams, cleaning up polluted groundwater supplies, and preserving water sources that supply the entire state are crucial to providing a reliable supply of water and protecting the state's natural resources.

(j) The Water Quality, Supply, and Infrastructure Improvement Act of 2014 provides a comprehensive and fiscally responsible approach for addressing the varied challenges facing California's water resources.

CHAPTER 3. DEFINITIONS

79702. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this division, as follows:

(a) "Acquisition" means obtaining a fee interest or any other interest in real property, including, easements, leases, water, water rights, or interest in water obtained for the purposes of instream flows and development rights.

(b) "CALFED Bay-Delta Program" means the program described in the Record of Decision dated August 28, 2000.

(c) "Commission" means the California Water Commission.

(d) "Committee" means the Water Quality, Supply, and Infrastructure Improvement Finance Committee created by Section 79787.

(e) "Delta" means the Sacramento-San Joaquin Delta, as defined in Section 85058.

(f) "Delta conveyance facilities" means facilities that convey water directly from the Sacramento River to the State Water Project or the federal Central Valley Project pumping facilities in the south Delta.

(g) "Delta counties" means the Counties of Contra Costa, Sacramento, San Joaquin, Solano, and Yolo.

(h) "Delta plan" has the meaning set forth in Section 85059.

(i) "Director" means the Director of Water Resources.

(j) "Disadvantaged community" has the meaning set forth in subdivision (a) of Section 79505.5, as it may be amended.

(k) "Economically distressed area" means a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less, with an annual median household income that is less than 85 percent of the statewide median household income, and with one or more of the following conditions as determined by the department:

(1) Financial hardship.

(2) Unemployment rate at least 2 percent higher than the statewide average.

(3) Low population density.

(l) "Fund" means the Water Quality, Supply, and Infrastructure Improvement Fund of 2014 created by Section 79715.

(m) "Instream flows" means a specific streamflow, measured in cubic feet per second, at a particular location for a defined time, and typically follows seasonal variations.

(n) "Integrated regional water management plan" has the meaning set forth in Part 2.2 (commencing with Section 10530) of Division 6, as that part may be amended.

(o) "Long-term" means for a period of not less than 20 years.

(p) "Nonprofit organization" means an organization qualified to do business in California and qualified under Section 501(c)(3) of Title 26 of the United States Code.

(q) "Proposition 1E" means the Disaster Preparedness and Flood Prevention Bond Act of 2006 (Chapter 1.699 (commencing with Section 5096.800) of Division 5 of the Public Resources Code).

(r) "Proposition 84" means the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Division 43 (commencing with Section 75001) of the Public Resources Code).

(s) "Public agency" means a state agency or department, special district, joint powers authority, city, county, city and county, or other political subdivision of the state.

(t) "Rainwater" has the meaning set forth in subdivision (c) of Section 10573.

(u) "Secretary" means the Secretary of the Natural Resources Agency.

(v) "Severely disadvantaged community" has the meaning set forth in subdivision (a) of Section 116760.20 of the Health and Safety Code.

(w) "Small community water system" means a community water system that serves no more than 3,300 service connections or a yearlong population of no more than 10,000 persons.

(x) "State board" means the State Water Resources Control Board.

(y) "State General Obligation Bond Law" means 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).

(z) "State small water system" has the meaning set forth in subdivision (n) of Section 116275 of the Health and Safety Code.

(aa) "Stormwater" has the meaning set forth in subdivision (e) of Section 10573.

(ab) "Water right" means a legal entitlement authorizing water to be diverted from a specified source and put to a beneficial, nonwasteful use.

CHAPTER 4. GENERAL PROVISIONS

79703. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.

79704. Unless otherwise specified, up to 10 percent of funds allocated for each program funded by this division may be expended for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for "preliminary plans," "working drawings," and "construction" as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring data shall be collected and reported to the state board in a manner that is compatible and consistent with surface water monitoring data systems or groundwater monitoring data systems administered by the state

1 board. Watershed monitoring data shall be collected and reported to the Department of Conservation in a manner that is compatible and consistent with the statewide watershed program administered by the Department of Conservation.

79705. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division other than Chapter 8 (commencing with Section 79750).

79706. (a) Prior to disbursing grants or loans pursuant to this division, each state agency that receives an appropriation from the funding made available by this division to administer a competitive grant or loan program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines shall include monitoring and reporting requirements and may include a limitation on the dollar amount of grants or loans to be awarded. If the state agency has previously developed and adopted project solicitation and evaluation guidelines that comply with the requirements of this subdivision, it may use those guidelines.

(b) Prior to disbursing grants or loans, the state agency shall conduct three public meetings to consider public comments prior to finalizing the guidelines. The state agency shall publish the draft solicitation and evaluation guidelines on its Internet Web site at least 30 days before the public meetings. One meeting shall be conducted at a location in northern California, one meeting shall be conducted at a location in the central valley of California, and one meeting shall be conducted at a location in southern California. Upon adoption, the state agency shall transmit copies of the guidelines to the fiscal committees and the appropriate policy committees of the Legislature.

79707. It is the intent of the people that:

(a) The investment of public funds pursuant to this division will result in public benefits that address the most critical statewide needs and priorities for public funding.

(b) In the appropriation and expenditure of funding authorized by this division, priority will be given to projects that leverage private, federal, or local funding or produce the greatest public benefit.

(c) A funded project advances the purposes of the chapter from which the project received funding.

(d) In making decisions regarding water resources, state and local water agencies will use the best available science to inform those decisions.

(e) Special consideration will be given to projects that employ new or innovative technology or practices, including decision support tools that support the integration of multiple jurisdictions, including, but not limited to, water supply, flood control, land use, and sanitation.

(f) Evaluation of projects considered for funding pursuant to this division will include review by professionals in the fields relevant to the proposed project.

(g) To the extent practicable, a project supported by funds made available by this division will include signage informing the public that the project received funds from the Water Quality, Supply, and Infrastructure Improvement Act of 2014.

(h) Projects funded with proceeds from this division will be consistent with Division 7 (commencing with Section 13000) of this code and Section 13100 of the Government Code.

(i) Projects funded with proceeds from this division will promote state planning priorities consistent with the provisions of Section 65041.1 of the Government Code and sustainable communities strategies consistent with the provisions of subparagraph (B) of paragraph (2) of subdivision (b) of Section 65080 of the Government Code, to the extent feasible.

(j) California's working agricultural and forested landscapes will be preserved wherever possible. To the extent feasible, watershed objectives included in this division should be achieved through use of conservation easements and voluntary landowner participation, including, but not limited to, the use of easements pursuant to Division 10.2 (commencing with Section 10200) and Division 10.4 (commencing with Section 10330) of the Public Resources Code and voluntary habitat credit exchange mechanisms.

79708. (a) The Department of Finance shall provide for an independent audit of expenditures pursuant to this division. The secretary shall publish a list of all program and project expenditures pursuant to this division not less than annually, in written form, and shall post an electronic form of the list on the Natural Resources Agency's Internet Web site.

(b) If an audit, required by statute, of any entity that receives funding authorized by this division is conducted pursuant to state law and reveals any impropriety, the California State Auditor or the Controller may conduct a full audit of any or all of the activities of that entity.

(c) The state agency issuing any grant or loan with funding authorized by this division shall require adequate reporting of the expenditures of the funding from the grant or loan.

(d) Prior to soliciting projects pursuant to this division, state agencies shall submit guidelines to the secretary. The secretary shall verify that the guidelines are consistent with applicable statutes and for all the purposes enumerated in this division. The secretary shall post an electronic form of the guidelines submitted by state agencies and the subsequent verifications on the Natural Resources Agency's Internet Web site.

79709. (a) Funds expended pursuant to this division for the acquisition of a permanent dedication of water shall be in accordance with Section 1707 where the state board specifies that the water is in addition to water that is required for regulatory requirements as provided in subdivision (c) of Section 1707. The expenditure of funds provided by this division may include the initiation of the dedication as a short term or temporary urgency change, that is approved in accordance with Section 1707 and either Chapter 6.6 (commencing with Section 1435) of, or Chapter 10.5 (commencing with Section 1725) of, Part 2 of Division 2, during the period required to prepare any environmental documentation and for approval of permanent dedication.

(b) Funds expended pursuant to this division for the acquisition of long-term transfers of water shall be transfers in accordance with Sections 1735, 1736, and 1737 if the state board, after providing notice and opportunity for a hearing, approves such a petition. Funds expended pursuant to this division shall prioritize permanent transfers. Long-term

transfers shall be for a period of not less than 20 years, except for any water transfers for the benefit of subsection (d) of Section 3406 of the Central Valley Project Improvement Act (Title 34 of Public Law 102-575).

(c) Funds expended pursuant to this division for any acquisition of water shall only be done pursuant to this section and shall only be used for projects that will provide fisheries or ecosystem benefits or improvements that are greater than required applicable environmental mitigation measures or compliance obligations in effect at the time the funds from this division are made available for the project and funds shall not be credited to any measures or obligations, except for any water transfers for the benefit of subsection (d) of Section 3406 of the Central Valley Project Improvement Act (Title 34 of Public Law 102-575).

79710. (a) Funds provided by this division shall not be expended to pay the costs of the design, construction, operation, mitigation, or maintenance of Delta conveyance facilities. Those costs shall be the responsibility of the water agencies that benefit from the design, construction, operation, mitigation, or maintenance of those facilities.

(b) To the extent feasible, in implementing subdivision (k) of Section 79731, the Sacramento-San Joaquin Delta Conservancy shall seek to achieve wildlife conservation objectives through projects on public lands or voluntary projects on private lands. Funds available to the Sacramento-San Joaquin Delta Conservancy pursuant to subdivision (k) of Section 79731 may be used, in consultation with the Department of Fish and Wildlife, for payments to landowners for the creation of measurable habitat improvements or other improvements to the condition of endangered or threatened species. The Sacramento-San Joaquin Delta Conservancy may develop and implement a competitive program for habitat enhancements that maximizes voluntary landowner participation in projects that provide measurable and long-lasting habitat or species improvements in the Delta. These funds shall not be used to subsidize or decrease the mitigation obligations of any party.

(c) In implementing subdivision (k) of Section 79731, the Sacramento-San Joaquin Delta Conservancy shall coordinate and consult with the city or county in which a grant is proposed to be expended or an interest in real property is proposed to be acquired and with the Delta Protection Commission. Acquisitions by the Sacramento-San Joaquin Delta Conservancy pursuant to subdivision (k) of Section 79731 shall be from willing sellers only.

79711. (a) This division does not diminish, impair, or otherwise affect in any manner whatsoever any area of origin, watershed of origin, county of origin, or any other water rights protections, including, but not limited to, rights to water appropriated prior to December 19, 1914, provided under the law. This division does not limit or affect the application of Article 1.7 (commencing with Section 1215) of Chapter 1 of Part 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and 11463, and Sections 12200 to 12220, inclusive.

(b) For the purposes of this division, an area that utilizes water that has been diverted and conveyed from the Sacramento River hydrologic region, for use outside the Sacramento River

hydrologic region or the Delta, shall not be deemed to be immediately adjacent thereto or capable of being conveniently supplied with water therefrom by virtue or on account of the diversion and conveyance of that water through facilities that may be constructed for that purpose after January 1, 2014.

(c) Nothing in this division supersedes, limits, or otherwise modifies the applicability of Chapter 10 (commencing with Section 1700) of Part 2 of Division 2, including petitions related to any new conveyance constructed or operated in accordance with Chapter 2 (commencing with Section 85320) of Part 4 of Division 35.

(d) Unless otherwise expressly provided, nothing in this division supersedes, reduces, or otherwise affects existing legal protections, both procedural and substantive, relating to the state board's regulation of diversion and use of water, including, but not limited to, water right priorities, the protection provided to municipal interests by Sections 106 and 106.5, and changes in water rights. Nothing in this division expands or otherwise alters the state board's existing authority to regulate the diversion and use of water or the courts' existing concurrent jurisdiction over California water rights.

(e) Nothing in this division shall be construed to affect the California Wild and Scenic Rivers Act (Chapter 1.4 (commencing with Section 5093.50) of Division 5 of the Public Resources Code) or the federal Wild and Scenic Rivers Act (16 U.S.C. Sec. 1271 et seq.) and funds authorized pursuant to this division shall not be available for any project that could have an adverse effect on the values upon which a wild and scenic river or any other river is afforded protections pursuant to the California Wild and Scenic Rivers Act or the federal Wild and Scenic Rivers Act.

(f) Nothing in this division supersedes, limits, or otherwise modifies the Sacramento-San Joaquin Delta Reform Act of 2009 (Division 35 (commencing with Section 85000)) or any other applicable law, including, but not limited to, Division 22.3 (commencing with Section 32300) of the Public Resources Code.

(g) Funds provided by this division shall not be used to acquire land via eminent domain.

(h) Notwithstanding any other law, any agency acquiring land pursuant to this division may use the Natural Heritage Preservation Tax Credit Act of 2000 (Division 28 (commencing with Section 37000) of the Public Resources Code).

79712. (a) Eligible applicants under this division are public agencies, nonprofit organizations, public utilities, federally recognized Indian tribes, state Indian tribes listed on the Native American Heritage Commission's California Tribal Consultation List, and mutual water companies.

(b) (1) To be eligible for funding under this division, a project proposed by a public utility that is regulated by the Public Utilities Commission or a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the water system and not the investors.

(2) To be eligible for funding under this division, an urban water supplier shall adopt and submit an urban water management plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6).

1 (3) To be eligible for funding under this division, an agricultural water supplier shall adopt and submit an agricultural water management plan in accordance with the Agricultural Water Management Planning Act (Part 2.8 (commencing with Section 10800) of Division 6).

(4) In accordance with Section 10608.56, an agricultural water supplier or an urban water supplier is ineligible for funding under this division unless it complies with the requirements of Part 2.55 (commencing with Section 10608) of Division 6.

79713. The Legislature may enact legislation necessary to implement programs funded by this division, except as otherwise provided in Section 79760.

79714. (a) Unless otherwise specified, any state agency that has the statutory authority to implement one or more of the purposes specified in this bond may be eligible for appropriations from the funding made available by this division.

(b) Funding made available by this division shall not be appropriated by the Legislature to a specific project.

(c) Projects funded pursuant to this division may use the services of the California Conservation Corps or certified community conservation corps, as defined in Section 14507.5 of the Public Resources Code.

79715. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the Water Quality, Supply, and Infrastructure Improvement Fund of 2014, which is hereby created in the State Treasury.

79716. Each state agency that receives an appropriation of funding made available by this division shall be responsible for establishing metrics of success and reporting the status of projects and all uses of the funding on the state's bond accountability Internet Web site, as provided by statute.

CHAPTER 5. CLEAN, SAFE AND RELIABLE DRINKING WATER

79720. The sum of five hundred twenty million dollars (\$520,000,000) shall be available, upon appropriation by the Legislature from the fund, for expenditures, grants, and loans for projects that improve water quality or help provide clean, safe, and reliable drinking water to all Californians.

79721. The projects eligible for funding pursuant to this chapter shall help improve water quality for a beneficial use. The purposes of this chapter are to:

(a) Reduce contaminants in drinking water supplies regardless of the source of the water or the contamination.

(b) Assess and prioritize the risk of contamination to drinking water supplies.

(c) Address the critical and immediate needs of disadvantaged, rural, or small communities that suffer from contaminated drinking water supplies, including, but not limited to, projects that address a public health emergency.

(d) Leverage other private, federal, state, and local drinking water quality and wastewater treatment funds.

(e) Reduce contaminants in discharges to, and improve the quality of, waters of the state.

(f) Prevent further contamination of drinking water supplies.

(g) Provide disadvantaged communities with public drinking water infrastructure that provides clean, safe, and reliable drinking water supplies that the community can sustain over the long term.

(h) Ensure access to clean, safe, reliable, and affordable drinking water for California's communities.

(i) Meet primary and secondary safe drinking water standards or remove contaminants identified by the state or federal government for development of a primary or secondary drinking water standard.

79722. The contaminants that may be addressed with funding pursuant to this chapter may include, but shall not be limited to, nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic, selenium, hexavalent chromium, mercury, PCE (perchloroethylene), TCE (trichloroethylene), DCE (dichloroethene), DCA (dichloroethane), 1,2,3-TCP (trichloropropane), carbon tetrachloride, 1,4-dioxane, 1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron, manganese, and uranium.

79723. Of the funds authorized by Section 79720, two hundred sixty million dollars (\$260,000,000) shall be available for deposit in the State Water Pollution Control Revolving Fund Small Community Grant Fund created pursuant to Section 13477.6 for grants for wastewater treatment projects. Priority shall be given to projects that serve disadvantaged communities and severely disadvantaged communities, and to projects that address public health hazards. Projects may include, but not be limited to, projects that identify, plan, design, and implement regional mechanisms to consolidate wastewater systems or provide affordable treatment technologies.

79724. (a) (1) Of the funds authorized by Section 79720, two hundred sixty million dollars (\$260,000,000) shall be available for grants and loans for public water system infrastructure improvements and related actions to meet safe drinking water standards, ensure affordable drinking water, or both. Priority shall be given to projects that provide treatment for contamination or access to an alternate drinking water source or sources for small community water systems or state small water systems in disadvantaged communities whose drinking water source is impaired by chemical and nitrate contaminants and other health hazards identified by the state board. Eligible recipients serve disadvantaged communities and are public water systems or public agencies. The state board may make grants for the purpose of financing feasibility studies and to meet the eligibility requirements for a construction grant. Eligible expenses may include initial operation and maintenance costs for systems serving disadvantaged communities. Priority shall be given to projects that provide shared solutions for multiple communities, at least one of which is a disadvantaged community that lacks safe, affordable drinking water and is served by a small community water system, state small water system, or a private well. Construction grants shall be limited to five million dollars (\$5,000,000) per project, except that the state board may set a limit of not more than twenty million dollars (\$20,000,000) for projects that provide regional benefits or are shared among multiple entities, at least one of which shall be a small disadvantaged community. Not more than 25 percent of a grant may be awarded in advance of actual expenditures.

(2) For the purposes of this subdivision, "initial operation and maintenance costs" means those initial, eligible, and

reimbursable costs under a construction funding agreement that are incurred up to, and including, initial startup testing of the constructed project in order to deem the project complete. Initial operation and maintenance costs are eligible to receive funding pursuant to this section for a period not to exceed two years.

(b) The administering entity may expend up to twenty-five million dollars (\$25,000,000) of the funds allocated in subdivision (a) for technical assistance to eligible communities.

(c) The state board shall deposit up to two million five hundred thousand dollars (\$2,500,000) of the funds available pursuant to this section into the Drinking Water Capital Reserve Fund, which is hereby created in the State Treasury. Moneys in the Drinking Water Capital Reserve Fund shall be available, upon appropriation by the Legislature, and shall be administered by the state board for the purpose of serving as matching funds for disadvantaged communities. The state board shall develop criteria to implement this subdivision.

79725. (a) For the purposes of awarding funding under this chapter, a local cost share of not less than 50 percent of the total costs of the project shall be required. The cost-sharing requirement may be waived or reduced for projects that directly benefit a disadvantaged community or an economically distressed area.

(b) At least 10 percent of the funds available pursuant to this chapter shall be allocated for projects serving severely disadvantaged communities.

(c) Up to 15 percent of the funds available pursuant to this chapter may be allocated for technical assistance to disadvantaged communities. The agency administering this funding shall operate a multidisciplinary technical assistance program for small and disadvantaged communities.

(d) Funding for planning activities, including technical assistance, to benefit disadvantaged communities may exceed 15 percent of the funds allocated, subject to the determination of the need for additional planning funding by the state agency administering the funding.

CHAPTER 6. PROTECTING RIVERS, LAKES, STREAMS, COASTAL WATERS, AND WATERSHEDS

79730. The sum of one billion four hundred ninety-five million dollars (\$1,495,000,000) shall be available, upon appropriation by the Legislature from the fund, in accordance with this chapter, for competitive grants for multibenefit ecosystem and watershed protection and restoration projects in accordance with statewide priorities.

79731. Of the funds authorized by Section 79730, the sum of three hundred twenty-seven million five hundred thousand dollars (\$327,500,000) shall be allocated for multibenefit water quality, water supply, and watershed protection and restoration projects for the watersheds of the state in accordance with the following schedule:

(a) Baldwin Hills Conservancy, ten million dollars (\$10,000,000).

(b) California Tahoe Conservancy, fifteen million dollars (\$15,000,000).

(c) Coachella Valley Mountains Conservancy, ten million dollars (\$10,000,000).

(d) Ocean Protection Council, thirty million dollars (\$30,000,000).

(e) San Diego River Conservancy, seventeen million dollars (\$17,000,000).

(f) San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, thirty million dollars (\$30,000,000).

(g) San Joaquin River Conservancy, ten million dollars (\$10,000,000).

(h) Santa Monica Mountains Conservancy, thirty million dollars (\$30,000,000).

(i) Sierra Nevada Conservancy, twenty-five million dollars (\$25,000,000).

(j) State Coastal Conservancy, one hundred million five hundred thousand dollars (\$100,500,000). Eligible watersheds for the funds allocated pursuant to this subdivision include, but are not limited to, those that are in the San Francisco Bay Conservancy region, the Santa Ana River watershed, the Tijuana River watershed, the Otay River watershed, Catalina Island, and the central coast region.

(k) Sacramento-San Joaquin Delta Conservancy, fifty million dollars (\$50,000,000).

79732. (a) In protecting and restoring California rivers, lakes, streams, and watersheds, the purposes of this chapter are to:

(1) Protect and increase the economic benefits arising from healthy watersheds, fishery resources, and instream flow.

(2) Implement watershed adaptation projects in order to reduce the impacts of climate change on California's communities and ecosystems.

(3) Restore river parkways throughout the state, including, but not limited to, projects pursuant to the California River Parkway Act of 2004 (Chapter 3.8 (commencing with Section 5750) of Division 5 of the Public Resources Code), in the Urban Streams Restoration Program established pursuant to Section 7048, and urban river greenways.

(4) Protect and restore aquatic, wetland, and migratory bird ecosystems, including fish and wildlife corridors and the acquisition of water rights for instream flow.

(5) Fulfill the obligations of the State of California in complying with the terms of multiparty settlement agreements related to water resources.

(6) Remove barriers to fish passage.

(7) Collaborate with federal agencies in the protection of fish native to California and wetlands in the central valley of California.

(8) Implement fuel treatment projects to reduce wildfire risks, protect watersheds tributary to water storage facilities, and promote watershed health.

(9) Protect and restore rural and urban watershed health to improve watershed storage capacity, forest health, protection of life and property, stormwater resource management, and greenhouse gas reduction.

(10) Protect and restore coastal watersheds, including, but not limited to, bays, marine estuaries, and nearshore ecosystems.

(11) Reduce pollution or contamination of rivers, lakes, streams, or coastal waters, prevent and remediate mercury contamination from legacy mines, and protect or restore natural system functions that contribute to water supply, water quality, or flood management.

1 (12) Assist in the recovery of endangered, threatened, or migratory species by improving watershed health, instream flows, fish passage, coastal or inland wetland restoration, or other means, such as natural community conservation plan and habitat conservation plan implementation.

(13) Assist in water-related agricultural sustainability projects.

(b) Funds provided by this chapter shall only be used for projects that will provide fisheries or ecosystem benefits or improvements that are greater than required applicable environmental mitigation measures or compliance obligations.

79733. Of the funds made available by Section 79730, the sum of two hundred million dollars (\$200,000,000) shall be administered by the Wildlife Conservation Board for projects that result in enhanced stream flows.

79734. For restoration and ecosystem protection projects under this chapter, the services of the California Conservation Corps or a local conservation corps certified by the California Conservation Corps shall be used whenever feasible.

79735. (a) Of the funds authorized by Section 79730, one hundred million dollars (\$100,000,000) shall be available, upon appropriation by the Legislature, for projects to protect and enhance an urban creek, as defined in subdivision (e) of Section 7048, and its tributaries, pursuant to Division 22.8 (commencing with Section 32600) of, and Division 23 (commencing with Section 33000) of, the Public Resources Code and Section 79508.

(b) (1) Of the funds authorized by Section 79730, twenty million dollars (\$20,000,000) shall be made available to the secretary for a competitive program to fund multibenefit watershed and urban rivers enhancement projects in urban watersheds that increase regional and local water self-sufficiency and that meet at least two of the following objectives:

(A) Promote groundwater recharge and water reuse.

(B) Reduce energy consumption.

(C) Use soils, plants, and natural processes to treat runoff.

(D) Create or restore native habitat.

(E) Increase regional and local resiliency and adaptability to climate change.

(2) The program under this subdivision shall be implemented by state conservancies, the Wildlife Conservation Board, the state board, or other entities whose jurisdiction includes urban watersheds, as designated by the secretary. Projects funded under the program shall be a part of a plan developed jointly by the conservancies, the Wildlife Conservation Board, the state board, or other designated entities in consultation with the secretary.

(c) At least 25 percent of the funds available pursuant to this section shall be allocated for projects that benefit disadvantaged communities.

(d) Up to 10 percent of the funds available pursuant to this section may be allocated for project planning.

79736. Of the funds authorized by Section 79730, four hundred seventy-five million dollars (\$475,000,000) shall be available to the Natural Resources Agency to support projects that fulfill the obligations of the State of California in complying with the terms of any of the following:

(a) Subsection (d) of Section 3406 of the Central Valley Project Improvement Act (Title 34 of Public Law 102-575).

(b) Interstate compacts set forth in Section 66801 of the Government Code pursuant to Title 7.42 (commencing with Section 66905) of the Government Code.

(c) Intrastate or multiparty water quantification settlement agreement provisions, including ecosystem restoration projects, as set forth in Chapters 611, 612, 613, and 614 of the Statutes of 2003.

(d) The settlement agreement referenced in Section 2080.2 of the Fish and Game Code.

(e) Any intrastate or multiparty settlement agreement related to water acted upon or before December 31, 2013. Priority shall be given to projects that meet one or more of the following criteria:

(1) The project is of statewide significance.

(2) The project restores natural aquatic or riparian functions, or wetlands habitat for birds and aquatic species.

(3) The project protects or promotes the restoration of endangered or threatened species.

(4) The project enhances the reliability of water supplies on a regional or interregional basis.

(5) The project provides significant regional or statewide economic benefits.

79737. (a) Of the funds authorized by Section 79730, two hundred eighty-five million dollars (\$285,000,000) shall be available to the Department of Fish and Wildlife for watershed restoration projects statewide in accordance with this chapter.

(b) For the purposes of this section, watershed restoration includes activities to fund coastal wetland habitat, improve forest health, restore mountain meadows, modernize stream crossings, culverts, and bridges, reconnect historical flood plains, install or improve fish screens, provide fish passages, restore river channels, restore or enhance riparian, aquatic, and terrestrial habitat, improve ecological functions, acquire from willing sellers conservation easements for riparian buffer strips, improve local watershed management, and remove sediment or trash.

(c) For any funds available pursuant to this section that are used to provide grants under the Fisheries Restoration Grant Program, a priority shall be given to coastal waters.

(d) In allocating funds for projects pursuant to this section, the Department of Fish and Wildlife shall only make funds available for water quality, river, and watershed protection and restoration projects of statewide importance outside of the Delta.

(e) Funds provided by this section shall not be expended to pay the costs of the design, construction, operation, mitigation, or maintenance of Delta conveyance facilities.

(f) Funds provided by this section shall only be used for projects that will provide fisheries or ecosystem benefits or improvements that are greater than required applicable environmental mitigation measures or compliance obligations, except for any water transfers for the benefit of subsection (d) of Section 3406 of the Central Valley Project Improvement Act (Title 34 of Public Law 102-575).

79738. (a) Of the funds authorized by Section 79730, eighty-seven million five hundred thousand dollars (\$87,500,000) shall be available to the Department of Fish and Wildlife for water quality, ecosystem restoration, and fish

protection facilities that benefit the Delta, including, but not limited to, the following:

(1) Projects to improve water quality or that contribute to the improvement of water quality in the Delta, including projects in Delta counties that provide multiple public benefits and improve drinking and agricultural water quality or water supplies.

(2) Habitat restoration, conservation, and enhancement projects to improve the condition of special status, at risk, endangered, or threatened species in the Delta and the Delta counties, including projects to eradicate invasive species, and projects that support the beneficial reuse of dredged material for habitat restoration and levee improvements.

(3) Scientific studies and assessments that support the Delta Science Program, as described in Section 85280, or projects under this section.

(b) In implementing this section, the department shall coordinate and consult with the Delta city or Delta county in which a grant is proposed to be expended or an interest in real property is proposed to be acquired.

(c) Acquisitions pursuant to this section shall be from willing sellers only.

(d) In implementing this section state agencies shall prioritize wildlife conservation objectives through projects on public lands or voluntary projects on private lands, to the extent feasible.

(e) Funds available pursuant to this section shall not be used to acquire land via eminent domain.

(f) Funds available pursuant to this section shall not be expended to pay the costs of the design, construction, operation, mitigation, or maintenance of Delta conveyance facilities.

CHAPTER 7. REGIONAL WATER SECURITY, CLIMATE, AND DROUGHT PREPAREDNESS

79740. The sum of eight hundred ten million dollars (\$810,000,000) shall be available, upon appropriation by the Legislature from the fund, for expenditures on, and competitive grants and loans to, projects that are included in and implemented in an adopted integrated regional water management plan consistent with Part 2.2 (commencing with Section 10530) of Division 6 and respond to climate change and contribute to regional water security as provided in this chapter.

79741. In order to improve regional water self-reliance security and adapt to the effects on water supply arising out of climate change, the purposes of this chapter are to:

(a) Help water infrastructure systems adapt to climate change, including, but not limited to, sea level rise.

(b) Provide incentives for water agencies throughout each watershed to collaborate in managing the region's water resources and setting regional priorities for water infrastructure.

(c) Improve regional water self-reliance consistent with Section 85021.

79742. (a) In selecting among proposed projects in a watershed, the scope of the adopted integrated regional water management plan may be considered by the administering state agency, with priority going to projects in plans that cover a greater portion of the watershed. If a plan covers substantially all of the watershed, the plan's project priorities shall be given deference if the project and plan otherwise meet the requirements

of this division and the Integrated Regional Water Management Planning Act (Part 2.2 (commencing with Section 10530) of Division 6).

(b) A local agency that does not prepare, adopt, and submit its groundwater plan in accordance with groundwater planning requirements established under Division 6 (commencing with Section 10000) is ineligible to apply for funds made available pursuant to this chapter until the plan is prepared and submitted in accordance with the requirements of that part. The groundwater management plan requirement shall not apply to a water replenishment district formed pursuant to Division 18 (commencing with Section 60000) or to a local agency that serves or has authority to manage an adjudicated groundwater basin.

(c) For the purposes of awarding funding under this chapter, a cost share from nonstate sources of not less than 50 percent of the total costs of the project shall be required. The cost-sharing requirement may be waived or reduced for projects that directly benefit a disadvantaged community or an economically distressed area.

(d) Not less than 10 percent of the funds authorized by this chapter shall be allocated to projects that directly benefit disadvantaged communities.

(e) For the purposes of awarding funding under this chapter, the applicant shall demonstrate that the integrated regional water management plan the applicant's project implements contributes to addressing the risks in the region to water supply and water infrastructure arising from climate change.

(f) Projects that achieve multiple benefits shall receive special consideration.

79743. Subject to the determination of regional priorities in the regional water management group, eligible projects may include, but are not limited to, projects that promote any of the following:

(a) Water reuse and recycling for nonpotable reuse and direct and indirect potable reuse.

(b) Water-use efficiency and water conservation.

(c) Local and regional surface and underground water storage, including groundwater aquifer cleanup or recharge projects.

(d) Regional water conveyance facilities that improve integration of separate water systems.

(e) Watershed protection, restoration, and management projects, including projects that reduce the risk of wildfire or improve water supply reliability.

(f) Stormwater resource management, including, but not limited to, the following:

(1) Projects to reduce, manage, treat, or capture rainwater or stormwater.

(2) Projects that provide multiple benefits such as water quality, water supply, flood control, or open space.

(3) Decision support tools that evaluate the benefits and costs of multibenefit stormwater projects.

(4) Projects to implement a stormwater resource plan developed in accordance with Part 2.3 (commencing with Section 10560) of Division 6.

(g) Conjunctive use of surface and groundwater storage facilities.

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(h) Water desalination projects.

(i) Decision support tools to model regional water management strategies to account for climate change and other changes in regional demand and supply projections.

(j) Improvement of water quality, including drinking water treatment and distribution, groundwater and aquifer remediation, matching water quality to water use, wastewater treatment, water pollution prevention, and management of urban and agricultural runoff.

79744. (a) Of the funds authorized by Section 79740, five hundred ten million dollars (\$510,000,000) shall be allocated to the hydrologic regions as identified in the California Water Plan in accordance with this section. For the South Coast hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County and southern Orange County (designated as the San Diego subregion), the Santa Ana River watershed (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. For purposes of this subdivision, the Sacramento River hydrologic region does not include the Delta. For purposes of this subdivision, the Mountain Counties Overlay is not eligible for funds from the Sacramento River hydrologic region or the San Joaquin River hydrologic region. Multiple integrated regional water management plans may be recognized in each of the areas allocated funding.

(b) Funds made available by this chapter shall be allocated as follows:

(1) Twenty-six million five hundred thousand dollars (\$26,500,000) for the North Coast hydrologic region.

(2) Sixty-five million dollars (\$65,000,000) for the San Francisco Bay hydrologic region.

(3) Forty-three million dollars (\$43,000,000) for the Central Coast hydrologic region.

(4) Ninety-eight million dollars (\$98,000,000) for the Los Angeles subregion.

(5) Sixty-three million dollars (\$63,000,000) for the Santa Ana subregion.

(6) Fifty-two million five hundred thousand dollars (\$52,500,000) for the San Diego subregion.

(7) Thirty-seven million dollars (\$37,000,000) for the Sacramento River hydrologic region.

(8) Thirty-one million dollars (\$31,000,000) for the San Joaquin River hydrologic region.

(9) Thirty-four million dollars (\$34,000,000) for the Tulare/Kern hydrologic region.

(10) Twenty-four million five hundred thousand dollars (\$24,500,000) for the North/South Lahontan hydrologic region.

(11) Twenty-two million five hundred thousand dollars (\$22,500,000) for the Colorado River Basin hydrologic region.

(12) Thirteen million dollars (\$13,000,000) for the Mountain Counties Overlay.

79745. The Department of Water Resources shall expend, either directly or for noncompetitive grants, no less than

10 percent of the funds from the regional allocations specified in Section 79744 for the purposes of ensuring involvement of disadvantaged communities, economically distressed areas, or underrepresented communities within regions.

79746. (a) Of the funds authorized by Section 79740, the sum of one hundred million dollars (\$100,000,000) may be used for direct expenditures, and for grants and loans, for the following water conservation and water-use efficiency plans, projects, and programs:

(1) Urban water conservation plans, projects, and programs, including regional projects and programs, implemented to achieve urban water use targets developed pursuant to Section 10608.20. Priority for funding shall be given to programs that do any of the following:

(A) Assist water suppliers and regions to implement conservation programs and measures that are not locally cost effective.

(B) Support water supplier and regional efforts to implement programs targeted to enhance water-use efficiency for commercial, industrial, and institutional water users.

(C) Assist water suppliers and regions with programs and measures targeted toward realizing the conservation benefits of implementation of the provisions of the state landscape model ordinance.

(2) Agricultural water management plans or agricultural water use efficiency projects and programs developed pursuant to Part 2.8 (commencing with Section 10800) of Division 6.

(b) Section 1011 applies to all conservation measures that an agricultural water supplier or an urban water supplier implements with funding under this chapter. This subdivision does not limit the application of Section 1011 to any other measures or projects implemented by a water supplier. Notwithstanding Section 79748, the projects funded pursuant to this section are not required to be in an adopted integrated regional water management plan or to comply with that program.

79747. (a) Of the funds authorized by Section 79740, two hundred million dollars (\$200,000,000) shall be available for grants for multibenefit stormwater management projects.

(b) Eligible projects may include, but shall not be limited to, green infrastructure, rainwater and stormwater capture projects, and stormwater treatment facilities.

(c) Development of plans for stormwater projects shall address the entire watershed and incorporate the perspectives of communities adjacent to the affected waterways, especially disadvantaged communities.

79748. In order to receive funding authorized by this chapter to address groundwater quality or supply in an aquifer, the applicant shall demonstrate that a public agency has authority to manage the water resources in that aquifer. A groundwater management plan adopted and submitted in accordance with groundwater management planning requirements established under Division 6 (commencing with Section 10000) shall be deemed sufficient to satisfy the requirements of this section.

CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL
IMPROVEMENT AND DROUGHT PREPAREDNESS

79750. (a) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

(b) Notwithstanding Section 13340 of the Government Code, the sum of two billion seven hundred million dollars (\$2,700,000,000) is hereby continuously appropriated from the fund, without regard to fiscal years, to the commission for public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions, in accordance with this chapter. Funds authorized for, or made available to, the commission pursuant to this chapter shall be available and expended only for the purposes provided in this chapter, and shall not be subject to appropriation or transfer by the Legislature or the Governor for any other purpose.

(c) Projects shall be selected by the commission through a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided, pursuant to criteria established under this chapter.

(d) Any project constructed with funds provided by this chapter shall be subject to Section 11590.

79751. Projects for which the public benefits are eligible for funding under this chapter consist of only the following:

(a) Surface storage projects identified in the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000, except for projects prohibited by Chapter 1.4 (commencing with Section 5093.50) of Division 5 of the Public Resources Code.

(b) Groundwater storage projects and groundwater contamination prevention or remediation projects that provide water storage benefits.

(c) Conjunctive use and reservoir reoperation projects.

(d) Local and regional surface storage projects that improve the operation of water systems in the state and provide public benefits.

79752. A project shall not be funded pursuant to this chapter unless it provides measurable improvements to the Delta ecosystem or to the tributaries to the Delta.

79753. (a) Funds allocated pursuant to this chapter may be expended solely for the following public benefits associated with water storage projects:

(1) Ecosystem improvements, including changing the timing of water diversions, improvement in flow conditions, temperature, or other benefits that contribute to restoration of aquatic ecosystems and native fish and wildlife, including those ecosystems and fish and wildlife in the Delta.

(2) Water quality improvements in the Delta, or in other river systems, that provide significant public trust resources, or that clean up and restore groundwater resources.

(3) Flood control benefits, including, but not limited to, increases in flood reservation space in existing reservoirs by exchange for existing or increased water storage capacity in response to the effects of changing hydrology and decreasing snow pack on California's water and flood management system.

(4) Emergency response, including, but not limited to, securing emergency water supplies and flows for dilution and salinity repulsion following a natural disaster or act of terrorism.

(5) Recreational purposes, including, but not limited to, those recreational pursuits generally associated with the outdoors.

(b) Funds shall not be expended pursuant to this chapter for the costs of environmental mitigation measures or compliance obligations except for those associated with providing the public benefits as described in this section.

79754. In consultation with the Department of Fish and Wildlife, the state board, and the Department of Water Resources, the commission shall develop and adopt, by regulation, methods for quantification and management of public benefits described in Section 79753 by December 15, 2016. The regulations shall include the priorities and relative environmental value of ecosystem benefits as provided by the Department of Fish and Wildlife and the priorities and relative environmental value of water quality benefits as provided by the state board.

79755. (a) Except as provided in subdivision (c), no funds allocated pursuant to this chapter may be allocated for a project before December 15, 2016, and until the commission approves the project based on the commission's determination that all of the following have occurred:

(1) The commission has adopted the regulations specified in Section 79754 and specifically quantified and made public the cost of the public benefits associated with the project.

(2) The project applicant has entered into a contract with each party that will derive benefits, other than public benefits, as defined in Section 79753, from the project that ensures the party will pay its share of the total costs of the project. The benefits available to a party shall be consistent with that party's share of total project costs.

(3) The project applicant has entered into a contract with each public agency identified in Section 79754 that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet all the requirements of this chapter, to ensure that the public contribution of funds pursuant to this chapter achieves the public benefits identified for the project.

(4) The commission has held a public hearing for the purposes of providing an opportunity for the public to review and comment on the information required to be prepared pursuant to this subdivision.

(5) All of the following additional conditions are met:

(A) Feasibility studies have been completed.

(B) The commission has found and determined that the project is feasible, is consistent with all applicable laws and regulations, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.

1 (C) All environmental documentation associated with the project has been completed, and all other federal, state, and local approvals, certifications, and agreements required to be completed have been obtained.

(b) The commission shall submit to the Legislature its findings for each of the criteria identified in subdivision (a) for a project funded pursuant to this chapter.

(c) Notwithstanding subdivision (a), funds may be made available under this chapter for the completion of environmental documentation and permitting of a project.

79756. (a) The public benefit cost share of a project funded pursuant to this chapter, other than a project described in subdivision (c) of Section 79751, shall not exceed 50 percent of the total costs of any project funded under this chapter.

(b) No project may be funded unless it provides ecosystem improvements as described in paragraph (1) of subdivision (a) of Section 79753 that are at least 50 percent of total public benefits of the project funded under this chapter.

79757. (a) A project is not eligible for funding under this chapter unless, by January 1, 2022, all of the following conditions are met:

(1) All feasibility studies are complete and draft environmental documentation is available for public review.

(2) The commission makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.

(3) The director receives commitments for not less than 75 percent of the nonpublic benefit cost share of the project.

(b) If compliance with subdivision (a) is delayed by litigation or failure to promulgate regulations, the date in subdivision (a) shall be extended by the commission for a time period that is equal to the time period of the delay, and funding under this chapter that has been dedicated to the project shall be encumbered until the time at which the litigation is completed or the regulations have been promulgated.

79758. Surface storage projects funded pursuant to this chapter and described in subdivision (a) of Section 79751 may be made a unit of the Central Valley Project as provided in Section 11290 and may be financed, acquired, constructed, operated, and maintained pursuant to Part 3 (commencing with Section 11100) of Division 6.

79759. (a) The funds allocated for the design, acquisition, and construction of surface storage projects identified in the CALFED Bay-Delta Record of Decision, dated August 28, 2000, pursuant to this chapter may be provided for those purposes to local joint powers authorities formed by irrigation districts and other local water districts and local governments within the applicable hydrologic region to design, acquire, and construct those projects.

(b) The joint powers authorities described in subdivision (a) may include in their membership governmental partners that are not located within their respective hydrologic regions in financing the surface storage projects, including, as appropriate, cost share participation or equity participation. Notwithstanding Section 6525 of the Government Code, the joint powers agencies described in subdivision (a) shall not include in their membership any for-profit corporation or any mutual water company whose

shareholders and members include a for-profit corporation or any other private entity. The department shall be an ex officio member of each joint powers authority subject to this section, but the department shall not control the governance, management, or operation of the surface water storage projects.

(c) A joint powers authority subject to this section shall own, govern, manage, and operate a surface water storage project, subject to the requirement that the ownership, governance, management, and operation of the surface water storage project shall advance the purposes set forth in this chapter.

79760. (a) In approving the Water Quality, Supply, and Infrastructure Improvement Act of 2014, the people were informed and hereby declare that the provisions of this chapter are necessary, integral, and essential to meeting the single object or work of the Water Quality, Supply, and Infrastructure Improvement Act of 2014. As such, any amendment of the provisions of this chapter by the Legislature without voter approval would frustrate the scheme and design that induced voter approval of this act. The people therefore find and declare that any amendment of the provisions of this chapter by the Legislature shall require an affirmative vote of two-thirds of the membership in each house of the Legislature and voter approval.

(b) This section shall not govern or be used as authority for determining whether the amendment of any other provision of this act not contained in this chapter would constitute a substantial change in the scheme and design of this act requiring voter approval.

CHAPTER 9. WATER RECYCLING

79765. The sum of seven hundred twenty-five million dollars (\$725,000,000) shall be available, upon appropriation by the Legislature from the fund, for grants or loans for water recycling and advanced treatment technology projects, including all of the following:

(a) Water recycling projects, including, but not limited to, treatment, storage, conveyance, and distribution facilities for potable and nonpotable recycling projects.

(b) Contaminant and salt removal projects, including, but not limited to, groundwater and seawater desalination and associated treatment, storage, conveyance, and distribution facilities.

(c) Dedicated distribution infrastructure to serve residential, commercial, agricultural, and industrial end-user retrofit projects to allow use of recycled water.

(d) Pilot projects for new potable reuse and other salt and contaminant removal technology.

(e) Multibenefit recycled water projects that improve water quality.

(f) Technical assistance and grant writing assistance for disadvantaged communities.

79766. At least a 50-percent local cost share shall be required for projects funded pursuant to this chapter. That cost share may be suspended or reduced for disadvantaged communities and economically distressed areas.

79767. Projects funded pursuant to this chapter shall be selected on a competitive basis, considering all of the following criteria:

(a) Water supply reliability improvement.

(b) Water quality and ecosystem benefits related to decreased reliance on diversions from the Delta or instream flows.

(c) Public health benefits from improved drinking water quality or supply.

(d) Cost-effectiveness.

(e) Energy efficiency and greenhouse gas emission impacts.

(f) Reasonable geographic allocation to eligible projects throughout the state, including both northern and southern California and coastal and inland regions.

79768. For purposes of this chapter, competitive programs shall be implemented consistent with water recycling programs administered pursuant to Sections 79140 and 79141 or consistent with desalination programs administered pursuant to Sections 79545 and 79547.2.

CHAPTER 10. GROUNDWATER SUSTAINABILITY

79770. Prevention and cleanup of groundwater contamination are critical components of successful groundwater management. Groundwater quality becomes especially important as water providers do the following:

(a) Evaluate investments in groundwater recharge with surface water, stormwater, recycled water, and other conjunctive use projects that augment local groundwater supplies to improve regional water self-reliance.

(b) Adapt to changing hydrologic conditions brought on by climate change.

(c) Consider developing groundwater basins to provide much needed local storage options to accommodate hydrologic and regulatory variability in the state's water delivery system.

(d) Evaluate investments in groundwater recovery projects.

79771. (a) The sum of nine hundred million dollars (\$900,000,000) shall be available, upon appropriation by the Legislature from the fund, for expenditures on, and competitive grants, and loans for, projects to prevent or clean up the contamination of groundwater that serves or has served as a source of drinking water. Funds appropriated pursuant to this section shall be available to the state board for projects necessary to protect public health by preventing or reducing the contamination of groundwater that serves or has served as a major source of drinking water for a community.

(b) Projects shall be prioritized based upon the following criteria:

(1) The threat posed by groundwater contamination to the affected community's overall drinking water supplies, including an urgent need for treatment of alternative supplies or increased water imports if groundwater is not available due to contamination.

(2) The potential for groundwater contamination to spread and impair drinking water supply and water storage for nearby population areas.

(3) The potential of the project, if fully implemented, to enhance local water supply reliability.

(4) The potential of the project to maximize opportunities to recharge vulnerable, high-use groundwater basins and optimize groundwater supplies.

(5) The project addresses contamination at a site for which the courts or the appropriate regulatory authority has not yet identified responsible parties, or where the identified responsible parties are unwilling or unable to pay for the total cost of

cleanup, including water supply reliability improvement for critical urban water supplies in designated superfund areas with groundwater contamination listed on the National Priorities List established pursuant to Section 105(a)(8)(B) of the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Sec. 9605(a)(8)(B)).

(c) Funding authorized by this chapter shall not be used to pay any share of the costs of remediation recovered from parties responsible for the contamination of a groundwater storage aquifer, but may be used to pay costs that cannot be recovered from responsible parties. Parties that receive funding for remediating groundwater storage aquifers shall exercise reasonable efforts to recover the costs of groundwater cleanup from the parties responsible for the contamination. Funds recovered from responsible parties may only be used to fund treatment and remediation activities.

79772. Of the funds authorized by Section 79771, eighty million dollars (\$80,000,000) shall be available for grants for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water.

79773. The contaminants that may be addressed with funding pursuant to this chapter may include, but shall not be limited to, nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic, selenium, hexavalent chromium, mercury, PCE (perchloroethylene), TCE (trichloroethylene), DCE (dichloroethene), DCA (dichloroethane), 1,2,3-TCP (trichloropropane), carbon tetrachloride, 1,4-dioxane, 1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron, manganese, and uranium.

79774. (a) A project that receives funding pursuant to this chapter shall be selected by a competitive grant or loan process with added consideration for those projects that leverage private, federal, or local funding.

(b) For the purposes of awarding funding under this chapter, a local cost share of not less than 50 percent of the total costs of the project shall be required. The cost-sharing requirement may be waived or reduced for projects that directly benefit a disadvantaged community or an economically distressed area.

(c) An agency administering grants or loans for the purposes of this chapter shall assess the capacity of a community to pay for the operation and maintenance of the facility to be funded.

(d) At least 10 percent of the funds available pursuant to this chapter shall be allocated for projects serving severely disadvantaged communities.

(e) Funding authorized by this chapter shall include funding for technical assistance to disadvantaged communities. The agency administering this funding shall operate a multidisciplinary technical assistance program for small and disadvantaged communities.

79775. Of the funds authorized by Section 79771, one hundred million dollars (\$100,000,000) shall be made available for competitive grants for projects that develop and implement groundwater plans and projects in accordance with groundwater planning requirements established under Division 6 (commencing with Section 10000).

CHAPTER 11. FLOOD MANAGEMENT

1 79780. The sum of three hundred ninety-five million dollars (\$395,000,000) shall be available, upon appropriation by the Legislature from the fund, to the Department of Water Resources and the Central Valley Flood Protection Board for the purpose of statewide flood management projects and activities. Funds shall be allocated to multibenefit projects that achieve public safety and include fish and wildlife habitat enhancement. The Department of Water Resources shall make its best effort to coordinate this funding with proceeds from Propositions 84 and 1E.

79781. Of the funds authorized by Section 79780, two hundred ninety-five million dollars (\$295,000,000) shall be available to reduce the risk of levee failure and flood in the Delta for any of the following:

(a) Local assistance under the Delta levee maintenance subventions program pursuant to Part 9 (commencing with Section 12980) of Division 6, as that part may be amended.

(b) Special flood protection projects pursuant to Chapter 2 (commencing with Section 12310) of Part 4.8 of Division 6, as that chapter may be amended.

(c) Levee improvement projects that increase the resiliency of levees within the Delta to withstand earthquake, flooding, or sea level rise.

(d) Emergency response and repair projects.

CHAPTER 12. FISCAL PROVISIONS

79785. (a) Bonds in the total amount of seven billion one hundred twenty million dollars (\$7,120,000,000), and any additional bonds authorized, issued, and appropriated in accordance with this division pursuant to other provisions of law, or so much thereof as is necessary, not including the amount of any refunding bonds issued in accordance with Section 79797 may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and 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.

(b) The Treasurer shall sell the bonds authorized by the committee pursuant to this section. The bonds shall be sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 of the Government Code.

79786. The bonds authorized by this division 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, as that law may be amended, apply to the bonds and to this division, except subdivisions (a) and (b) of Section 16727 of the Government Code to the extent that those subdivisions conflict with any other provision of this division.

79787. (a) Solely for the purpose of authorizing the issuance and sale pursuant to 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) of the bonds authorized by this division, the Water Quality, Supply, and Infrastructure Improvement Finance Committee is hereby created. For purposes of this division, the Water Quality, Supply, and Infrastructure Improvement Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law.

(b) The committee consists of the Director of Finance, the Treasurer, and the Controller. Notwithstanding any other provision of law, any member may designate a representative to act as that member in his or her place for all purposes, as though the member were personally present.

(c) The Treasurer shall serve as chairperson of the committee.

(d) A majority of the committee may act for the committee.

79788. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized by this division in order to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

79789. For purposes of the State General Obligation Bond Law, "board," as defined in Section 16722 of the Government Code, means the secretary.

79790. 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 that is necessary to collect that additional sum.

79791. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this division, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this division, as the principal and interest become due and payable.

(b) The sum that is necessary to carry out the provisions of Section 79794, appropriated without regard to fiscal years.

79792. 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 the purpose of carrying out this division less any amount withdrawn pursuant to Section 79794. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this division. The board shall execute those documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated in accordance with this division.

79793. Notwithstanding any other provision of this division, or of the State General Obligation Bond Law, if the Treasurer sells bonds that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions or is

otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the bond proceeds invested and for the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order 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.

79794. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this division less any amount borrowed pursuant to Section 79792. Any amounts withdrawn shall be deposited in the fund. Any moneys made available under this section shall be returned to the General Fund, with interest at the rate earned by the moneys in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

79795. All moneys deposited in the fund that are derived from premium and accrued interest on bonds sold pursuant to this division shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for

bond interest, except that amounts derived from premium may be reserved and used to pay the cost of bond issuance prior to any transfer to the General Fund.

79796. Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, the cost of bond issuance shall be paid out of the bond proceeds, including premium, if any. To the extent the cost of bond issuance is not paid from premiums received from the sale of bonds, these costs shall be shared proportionately by each program funded through this division by the applicable bond sale.

79797. The bonds issued and sold pursuant to this division may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds under this division shall include approval of the issuance of any bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

79798. The proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

Elections in California

California law requires that all candidates for a voter-nominated office be listed on the same ballot. Voter-nominated offices are state legislative offices, U.S. congressional offices, and state constitutional offices.

In both the open primary and general elections, you can vote for any candidate, regardless of what party preference you indicated on your voter registration form. In the primary election, the two candidates receiving the most votes—regardless of party preference—move on to the general election regardless of vote totals. If a candidate receives a majority of the vote (50 percent + 1), a general election still must be held. Even if there are only two candidates for an office in the open primary, a general election for that office is still required.

California's open primary system does not apply to candidates running for U.S. President, county central committee, or local offices.

California law requires the following information to be printed in this notice.

Voter-Nominated Offices

Political parties are not entitled to formally nominate candidates for voter-nominated offices at the primary election. A candidate nominated for a voter-nominated office at the primary election is the nominee of the people and not the official nominee of any party at the general election. A candidate for nomination to a voter-nominated office shall have his or her party preference, or lack of party preference, stated on the ballot, but the party preference designation is selected solely by the candidate and is shown for the information of the voters only. It does not mean the candidate is nominated or endorsed by the party designated, or that there is an affiliation between the party and candidate, and no candidate nominated by the voters shall be deemed to be the officially nominated candidate of any political party. In the county sample ballot booklet, parties may list the candidates for voter-nominated offices who have received the party's official endorsement.

Any voter may vote for any candidate for a voter-nominated office, if they meet the other qualifications required to vote for that office. The top two vote-getters at the primary election move on to the general election for the voter-nominated office even if both candidates have specified the same party preference designation. No party is entitled to have a candidate with its party preference designation move on to the general election, unless the candidate is one of the two highest vote-getters at the primary election.

Nonpartisan Offices

Political parties are not entitled to nominate candidates for nonpartisan offices at the primary election, and a candidate at the primary election is not the official nominee of any party for the specific office at the general election. A candidate for nomination to a nonpartisan office may not designate his or her party preference, or lack of party preference, on the ballot. The top two vote-getters at the primary election move on to the general election for the nonpartisan office.

The Electoral Procedure: Justices of the Supreme Court

For more information about Supreme Court Justices and Appellate Court Justices, visit www.courts.ca.gov.

California law requires the following information to be printed in this notice.

Under the California Constitution, justices of the Supreme Court and the courts of appeal are subject to confirmation by the voters. The public votes “yes” or “no” on whether to retain each justice. These judicial offices are nonpartisan.

Before a person can become an appellate justice, the Governor must submit the candidate’s name to the Judicial Nominees Evaluation Commission, which is comprised of public members and lawyers. The commission conducts a thorough review of the candidate’s background and qualifications, with community input, and then forwards its evaluation of the candidate to the Governor.

The Governor then reviews the commission’s evaluation and officially nominates the candidate, whose qualifications are subject to public comment before examination and review by the Commission on Judicial Appointments. That commission consists of the Chief Justice of California, the Attorney General of California, and a senior Presiding Justice of the Courts of Appeal. The Commission on Judicial Appointments must then confirm or reject the nomination. Only if confirmed does the nominee become a justice.

Following confirmation, the justice is sworn into office and is subject to voter approval at the next gubernatorial election, and thereafter at the conclusion of each term. The term prescribed by the California Constitution for justices of the Supreme Court and courts of appeal is 12 years. Justices are confirmed by the Commission on Judicial Appointments only until the next gubernatorial election, at which time they run for retention of the remainder of the term, if any, of their predecessor, which will be either four or eight years. (Elections Code section 9083)

County Elections Offices

Alameda County

(510) 272-6933 or (510) 272-6973
www.acgov.org/rov

Alpine County

(530) 694-2281
www.alpinecountyca.gov

Amador County

(209) 223-6465
www.amadorgov.org

Butte County

(530) 538-7761 or
(800) 894-7761 (Butte County only)
<http://buttevotes.net>

Calaveras County

(209) 754-6376
www.elections.calaverasgov.us

Colusa County

(530) 458-0500 or (877) 458-0501
www.countyofcolusa.org/elections

Contra Costa County

(925) 335-7800 or (925) 335-7874
www.cocovote.us

Del Norte County

(707) 464-7216
www.co.del-norte.ca.us

El Dorado County

(530) 621-7480 or (800) 730-4322
www.edcgov.us/elections

Fresno County

(559) 600-VOTE (8683)
www.co.fresno.ca.us/elections

Glenn County

(530) 934-6414
www.countyofglenn.net/govt/departments/elections

Humboldt County

(707) 445-7481
www.co.humboldt.ca.us/election

Imperial County

(760) 482-4226 or (760) 482-4285
www.co.imperial.ca.us/elections

Inyo County

(760) 878-0224 or (760) 878-0410
www.inyocounty.us/Recorder/Clerk-Recorder.html

Kern County

(661) 868-3590
www.co.kern.ca.us/elections

Kings County

(559) 852-4401
www.countyofkings.com

Lake County

(707) 263-2372
www.co.lake.ca.us/Government/Directory/Rov.htm

Lassen County

(530) 251-8217 or (530) 251-8352
www.lassencounty.org

Los Angeles County

(800) 815-2666
www.lavote.net

Madera County

(559) 675-7720 or (800) 435-0509
www.madera-county.com

Marin County

(415) 473-6456
www.marinvotes.org

Mariposa County

(209) 966-2007
www.mariposacounty.org

Mendocino County

(707) 234-6819
www.co.mendocino.ca.us/acr

Merced County

(209) 385-7541 or (800) 561-0619
www.mercedelections.org

Modoc County

(530) 233-6205
www.co.modoc.ca.us

Mono County

(760) 932-5537 or (760) 932-5534
www.monocounty.ca.gov

Monterey County

(831) 796-1499 or (866) 887-9274
www.montereycountyelections.us

Napa County

(707) 253-4321 or (707) 253-4374
www.countyofnapa.org

Nevada County

(530) 265-1298
www.mynevadacounty.com/nc/elections

Orange County

(714) 567-7600
www.ocvote.com

Placer County

(530) 886-5650 or (800) 824-8683
www.placerelections.com

Plumas County

(530) 283-6256
www.countyofplumas.com

Riverside County

(951) 486-7200
www.voteinfo.net

Sacramento County

(916) 875-6451
www.elections.saccounty.net

San Benito County

(831) 636-4016 or (877) 777-4017
www.sbcvote.us

San Bernardino County

(909) 387-8300
www.sbcountyelections.com

San Diego County

(858) 565-5800 or (800) 696-0136
www.sdvote.com

San Francisco County

(415) 554-4375
www.sfelections.org

San Joaquin County

(209) 468-2885
www.sjcrov.org

San Luis Obispo County

(805) 781-5228 or (805) 781-5080
www.slovote.com

San Mateo County

(650) 312-5222
www.shapethefuture.org

Santa Barbara County

(800) SBC-VOTE or (805) 568-2200
www.sbcvote.com

Santa Clara County

(408) 299-VOTE (8683)
www.sccvote.org

Santa Cruz County

(831) 454-2060 or (866) 282-5900
www.votescount.com

Shasta County

(530) 225-5730
www.elections.co.shasta.ca.us

Sierra County

(530) 289-3295
www.sierracounty.ca.gov

Siskiyou County

(530) 842-8084 or
(888) 854-2000 EXT. 8084
www.sisvotes.org

Solano County

(707) 784-6675
www.solanocounty.com/elections

Sonoma County

(707) 565-6800 or (800) 750-VOTE (8683)
vote.sonoma-county.org

Stanislaus County

(209) 525-5200
www.stanvote.com

Sutter County

(530) 822-7122
www.suttercounty.org/elections

Tehama County

(530) 527-8190 or (530) 527-0454
www.co.tehama.ca.us

Trinity County

(530) 623-1220
www.trinitycounty.org

Tulare County

(559) 624-7300 or (559) 624-7302
www.tularecounty.ca.gov/registrarofvoters

Tuolumne County

(209) 533-5570
www.tuolumnecounty.ca.gov

Ventura County

(805) 654-2664
venturavote.org

Yolo County

(530) 666-8133 or (800) 649-9943
www.yoloelections.org

Yuba County

(530) 749-7855
www.yubaelections.org

Voter Bill of Rights

1. You have the right to cast a ballot if you are a valid registered voter.

A valid registered voter means a United States citizen who is a resident in this state, who is at least 18 years of age and not in prison or on parole for conviction of a felony, and who is registered to vote at his or her current residence address.

2. You have the right to cast a provisional ballot if your name is not listed on the voting rolls.
3. You have the right to cast a ballot if you are present and in line at the polling place prior to the close of the polls.
4. You have the right to cast a secret ballot free from intimidation.
5. You have the right to receive a new ballot if, prior to casting your ballot, you believe you made a mistake.

If at any time before you finally cast your ballot, you feel you have made a mistake, you have the right to exchange the spoiled ballot for a new ballot. Vote-by-mail voters may also request and receive a new ballot if they return their spoiled ballot to an elections official prior to the closing of the polls on election day.

6. You have the right to receive assistance in casting your ballot, if you are unable to vote without assistance.
7. You have the right to return a completed vote-by-mail ballot to any precinct in the county.
8. You have the right to election materials in another language, if there are sufficient residents in your precinct to warrant production.
9. You have the right to ask questions about election procedures and observe the election process.
You have the right to ask questions of the precinct board and elections officials regarding election procedures and to receive an answer or be directed to the appropriate official for an answer. However, if persistent questioning disrupts the execution of their duties, the board or election officials may discontinue responding to questions.
10. You have the right to report any illegal or fraudulent activity to a local elections official or to the Secretary of State's Office.

**If you believe you have been denied any of these rights,
or you are aware of any election fraud or misconduct, please call the
Secretary of State's confidential toll-free Voter Hotline at (800) 345-VOTE (8683).**

Information on your voter registration affidavit will be used by elections officials to send you official information on the voting process, such as the location of your polling place and the issues and candidates that will appear on the ballot. Commercial use of voter registration information is prohibited by law and is a misdemeanor. Voter information may be provided to a candidate for office, a ballot measure committee, or other person for election, scholarly, journalistic, political, or governmental purposes, as determined by the Secretary of State. Driver license and social security numbers, or your signature as shown on your voter registration card, cannot be released for these purposes. If you have any questions about the use of voter information or wish to report suspected misuse of such information, please call the Secretary of State's Voter Hotline at (800) 345-VOTE (8683).

Certain voters facing life-threatening situations may qualify for confidential voter status. For more information, contact the Secretary of State's Safe at Home program toll-free at (877) 322-5227 or visit www.sos.ca.gov.

California Secretary of State
Elections Division
1500 11th Street
Sacramento, CA 95814

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★ **SUPPLEMENTAL** ★
This guide contains information about
Proposition 1, which was added to the
ballot after the first voter guide was printed.



**CALIFORNIA
GENERAL
ELECTION**
www.voterguide.sos.ca.gov

For additional copies of the Voter Information Guide in English, please contact your county elections office or call (800) 345-VOTE (8683). For TTY/TDD, call (800) 833-8683.

Para obtener copias adicionales de la Guía de Información para el Votante en español, póngase en contacto con la oficina electoral de su condado o llame al (800) 232-VOTA (8682).

如需索取額外的中文選民資訊指南，請與您的縣立選舉辦事處聯繫或致電(800) 339-2857。

हिन्दी में मतदाता जानकारी मार्गदर्शिका की अतिरिक्त प्रतियां प्राप्त करने के लिए, कृपया अपने काउंटी चुनाव कार्यालय से संपर्क करें या इस नंबर पर फ़ोन करें (888) 345-2692।

投票情報ガイドの日本語版をご希望の場合は、最寄の郡選挙事務所にお問い合わせになるか(800) 339-2865にお電話ください。

OFFICIAL VOTER INFORMATION GUIDE

Last day to register to vote
Monday, October 20, 2014

Remember to vote!
Tuesday, November 4, 2014
Polls are open from 7:00 a.m. to 8:00 p.m.

សំរាប់សំណើបន្ថែម នៃព័ត៌មានណែនាំអ្នកបោះឆ្នោត ជាភាសាខ្មែរ សូមទាក់ទងការិយាល័យបោះឆ្នោត ខេត្តអ៊ីសានស្ទីក ឬទូរស័ព្ទ (888) 345-4917។

한국어로 된 유권자 정보 지침의 사본이 추가로 필요할 경우 해당 카운티 선거관리 사무실로 연락하거나 다음 번호로 전화하십시오: (866) 575-1558

Para sa mga karagdagang kopya ng Patnubay na Impormasyon Para sa Botante sa Tagalog, mangyaring makipag-ugnayan sa opisina sa mga halalan ng inyong county o tumawag sa (800) 339-2957.

สำหรับสำเนาเพิ่มเติมของคู่มือสำหรับผู้ออกเสียงเลือกตั้งเป็นภาษาไทย กรุณาติดต่อสำนักงานการเลือกตั้งประจำเทศบาลของคุณ หรือโทรศัพท์ถึง (855) 345-3933

Muốn có thêm Tập Hướng Dẫn Cử Tri bằng Việt Ngữ, xin liên lạc với văn phòng bầu cử quận của quý vị hoặc gọi số (800) 339-8163.

To reduce election costs, the State mails only one guide to each voting household.