

1-27-2014

# Revenue Bonds. Infrastructure Projects. State Legislature And Voter Approval. Initiative Constitutional Amendment

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## Recommended Citation

Revenue Bonds. Infrastructure Projects. State Legislature And Voter Approval. Initiative Constitutional Amendment California Initiative 1659 (2014).  
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June 27, 2014

RECEIVED

JUN 27 2014

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

VIA PERSONAL DELIVERY

The Honorable Kamala D. Harris  
Attorney General  
1300 I Street, 17th Floor, P.O. Box 944255  
Sacramento, CA 95814

Attention: Ashley Johansson, Initiative Coordinator

Re: Request for Title and Summary for Proposed Initiative Constitutional  
Amendment

Dear Ms. Harris:

Pursuant to Article II, Section 10(d) of the California Constitution, I hereby submit the attached proposed Initiative Constitutional Amendment, entitled the "No Blank Checks Initiative," to your office and request that you prepare a title and summary of the measure as provided by law. Included with this submission is the required proponent affidavit signed by the proponent of this measure pursuant to Section 9608 of the California Elections Code. My address as a registered voter is attached to this letter, along with a check for \$200.00.

All inquires or correspondence relative to this initiative should be directed to Nielsen, Merksamer, Parrinello, Gross & Leoni, LLP, 1415 L Street, Suite 1200, Sacramento, CA 95814, (916) 446-6752, Attention: Kurt Oneto (telephone: 916/446-6752).

Thank you for your assistance.

Sincerely,



Dean Cortopassi, Proponent

Enclosure: Proposed Initiative Constitutional Amendment

Proponent Certification Required by Elections Code Section 9001(b)

I, Dean Cortopassi declare under penalty of perjury that I am a citizen of the United States, 18 years of age or older, and a resident of San Joaquin County, California.

Dean Cortopassi, Proponent.

Dated this 26<sup>th</sup> day of June, 2014

***Section 1. Title.***

This Act shall be known and may be cited as the No Blank Checks Initiative.

***Section 2. Findings and Declarations.***

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

(a) The politicians in Sacramento have mortgaged our future with long-term bond debt obligations that will take taxpayers, our children, and future generations decades to pay off.

(b) Under current rules, state bonds only need to be approved by voters if they will be repaid out of the state's general revenues. But the state politicians can rack up billions in additional bond debt without ever getting the voters' approval if the bonds will be repaid with specific charges imposed directly on Californians like taxes, fees, rates, tolls, or rents. The politicians should not be allowed to write themselves blank checks. Voters must have a say in all major state bond debt spending decisions because voters are the ones who ultimately pay the bill.

(c) According to a 2014 report from California's independent, nonpartisan Legislative Analyst's Office, the State of California is carrying \$340 billion in public debt. This represents \$8,500 per person living in the state. (*Legislative Analyst's Office*, "Addressing California's Key Liabilities," Mar. 7, 2014.) The interest payments on our long-term debt obligations will cripple the state if we keep spending the way we do now—making it harder to fund schools, public safety, and other important state programs.

(d) Moreover, voters are rarely told the true costs of bond-funded projects. We were originally told that the bullet train would cost \$9 billion. But now the estimated cost has ballooned to nearly \$70 billion. (*Los Angeles Times*, "The Hazy Future of California's Bullet Train," Jan. 14, 2014.)

(e) This measure puts the brakes on our state's public debt crisis by giving the voters a say in all major state bond debt proposals that must be repaid by Californians through higher taxes, fees, rates, tolls, or rents. This is consistent with Governor Brown's 2010 pledge that all state tax increases should be put before the voters for their approval. (*Sacramento Bee*, "Brown takes Break from Campaigning; Whitman Keeps up Attack," Oct. 28, 2010.)

(f) This measure also forces the politicians to accurately inform voters of the real cost of bond-funded projects. By requiring state officials to show voters at the ballot box how much a bond measure will really cost, and how long it will take to pay the debt off, this measure brings much-needed transparency to our public debt obligations.

(g) This measure also improves accountability in our long-term bond debt obligations by requiring the state to post online and update the status of outstanding bond-funded projects, including cost overruns and added expenses that might be piling up.

***Section 3. Statement of Purpose.***

The purpose of this measure is to bring the state's public debt crisis under control by giving the voters a say in all major bond-funded state projects that will be paid off through higher taxes, fees, rates, tolls, or rents charged to Californians, their children, and future generations.

***Section 4. Section 1.6 is added to Article XVI of the California Constitution, to read:***

Section 1.6. Notwithstanding any other provision of law:

(a) No revenue bonds used to finance the planning, development, construction, or implementation of any project that is funded, owned, or operated, either wholly or partially, by the state or any agency in which the state is a member may be authorized, issued, or sold until approved by a majority of the voters voting at a statewide election if (1) the aggregate amount of the bond issuance for the project exceeds two billion dollars (as adjusted pursuant to subdivision (e)); and (2) the repayment of the bonds would require the imposition, increase, or extension of any tax, fee, rate, toll, rent, or other charge by the state or any other state, regional, or local government body.

(b) When required to obtain voter approval for revenue bonds pursuant to this section, the Legislature shall place the request for voter approval on the ballot through a bill passed by a majority vote in each house and signed by the governor.

(c) A single project requiring an aggregate revenue bond issuance exceeding two billion dollars may not be divided into, or deemed to be, multiple separate projects in order to avoid the

voter approval requirements contained in this section. Evidence that multiple allegedly separate projects actually constitute a single project for purposes of this section include, but are not limited to, the physical or geographic proximity of the projects, whether the projects will be physically joined or connected, and whether one project cannot be completed without the prior completion of another project.

(d) The voter approval requirements contained in subdivision (a) shall apply to all projects funded, owned, or operated, either wholly or partially, by the state or any agency in which the state is a member if the amount of revenue bonds remaining to be issued or sold for the project still exceeds two billion dollars as of the effective date of this section, even if the planning, development, construction, or implementation of the project commenced prior to the effective date of this section.

(e) The two billion dollar threshold contained in subdivision (a) shall be adjusted annually to reflect any increase or decrease in inflation as measured by the Consumer Price Index published by the United States Bureau of Labor Statistics. The Treasurer's Office shall calculate and publish the adjustments required by this subdivision.

***Section 5. Section 1.7 is added to Article XVI of the California Constitution, to read:***

Section 1.7. Notwithstanding any other provision of law:

(a) For each bond act request submitted to the voters pursuant to Section 1 or Section 1.6 of this article, or Section 8 of Article II, the following information shall be prominently provided in the state ballot pamphlet as part of the Legislative Analyst's impartial analysis of the measure: (1) a description of the project that the bonds will fund; (2) the date which the bonds must be repaid; (3) the estimated total cost to pay off both the principal and interest on the bonds; (4) the tax, fee, rate, toll, rent, or other charge that will be imposed, increased, or extended for repayment of the bonds, if applicable; (5) any other forms of repayment that will be applied to pay off the bonds; and (6) the audit and financial oversight procedures included in the bond act request to ensure the bond proceeds will be expended efficiently and for their stated purpose. If the bond act request does not contain any audit or financial oversight procedures, an explicit statement to that effect shall be included in the Legislative Analyst's impartial analysis of the measure.

(b) The information required to be provided pursuant to subdivision (a) shall be set forth in plain terms using transparent and easily understandable language in order to ensure maximum accountability to the voters. Vague, technical, or other language not easily understandable to the average voter shall be avoided.

(c) If a bond act request is approved by the voters, each government agency or department responsible for the project that is being funded shall prominently post on its Internet web site all of the information identified in subdivision (a) as well as the ongoing status of the project that is being funded, any cost overruns incurred or anticipated up to that point, and any changes in the project's expected completion date. This information shall be updated at least once per year.

(d) For purposes of this section and Section 1.6, "project" includes any project, object, or work.

***Section 6. Liberal Construction.***

This act shall be liberally construed in order to effectuate its purposes.

***Section 7. Conflicting Measures.***

(a) In the event that this measure and another measure or measures relating to voter approval requirements for state bonds shall appear on the same statewide election ballot, 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 or measures shall be null and void.

(b) If this measure is approved by the voters but superseded in whole or in part by any other conflicting initiative approved by the voters at the same election, and such conflicting initiative is later held invalid, this measure shall be self-executing and given full force and effect.

***Section 8. Severability.***

The provisions of this Act are severable. If any portion, section, subdivision, paragraph, clause, sentence, phrase, word, or application of this Act is for any reason held to be invalid by a

decision of any court of competent jurisdiction, that decision shall not affect the validity of the remaining portions of this Act. The People of the State of California hereby declare that they would have adopted this Act and each and every portion, section, subdivision, paragraph, clause, sentence, phrase, word, and application not declared invalid or unconstitutional without regard to whether any portion of this Act or application thereof would be subsequently declared invalid.

***Section 9. Legal Defense.***

If this Act is approved by the voters of the State of California and thereafter subjected to a legal challenge alleging a violation of federal law, and both the Governor and Attorney General refuse to defend this Act, then the following actions shall be taken:

(a) Notwithstanding anything to the contrary contained in Chapter 6 of Part 2 of Division 3 of Title 2 of the Government Code or any other law, the Attorney General shall appoint independent counsel to faithfully and vigorously defend this Act on behalf of the State of California.

(b) Before appointing or thereafter substituting independent counsel, the Attorney General shall exercise due diligence in determining the qualifications of independent counsel and shall obtain written affirmation from independent counsel that independent counsel will faithfully and vigorously defend this Act. The written affirmation shall be made publicly available upon request.

(c) A continuous appropriation is hereby made from the General Fund to the Controller, without regard to fiscal years, in an amount necessary to cover the costs of retaining independent counsel to faithfully and vigorously defend this Act on behalf of the State of California.