

1990

## Alcoholic Beverages. Taxes.

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Alcoholic Beverages. Taxes.  
Legislative Constitutional Amendment

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Official Title and Summary:

ALCOHOLIC BEVERAGES. TAXES.  
LEGISLATIVE CONSTITUTIONAL AMENDMENT

- Adds to Constitution, alcohol beverage excise tax rates, proceeds payable to General Fund.
- Increases taxes payable to State General Fund on alcoholic beverages, as of March 1, 1991—beer, from 4 to 20 cents per gallon; specified wines from 1 to 20 cents per gallon; fortified wines from 2 to 20 cents per gallon; distilled spirits from \$2.00 to \$3.30 per gallon.
- Amends Constitution to exclude excise surtaxes imposed by this measure from appropriations limit, as specified.
- Provides that tax rate modifications of this measure control over conflicting provisions of Propositions 134 and 136.

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

- This measure would result in additional General Fund revenues of approximately \$70 million for a portion of 1990-91 and approximately \$195 million in fiscal year 1991-92, the first full year it is in effect.
  - Similarly, local sales tax revenues would increase statewide by approximately \$1.6 million annually.
  - Revenues generated after fiscal year 1991-92 will depend upon the trends in alcohol sales.
  - Adjustments are also made to the state's constitutional spending limit to include the additional tax revenue.
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Final Votes Cast by the Legislature on ACA 38 (Proposition 126)

Assembly: Ayes 54	Senate: Ayes 30
Noes 18	Noes 4

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## Analysis by the Legislative Analyst

### Background

Currently, the state taxes alcoholic beverages at the rate of \$2 per gallon on liquor (distilled spirits), 4 cents per gallon on beer, and 1 cent per gallon on most wines. This year, the state will collect about \$128 million from these taxes. Most of this revenue (76 percent) will come from the tax on liquor. These revenues go into the state's General Fund to pay for education, health, welfare, and other government programs.

Under existing requirements of the State Constitution (Proposition 98), public schools and community colleges are *guaranteed* a specific amount of funding each year from the state General Fund. This guaranteed amount increases each year. The amount of the increase is calculated using one of three different formulas. The formula used depends on state and local revenue trends and other factors.

### Proposal

This measure has two major parts:

- *Alcohol Taxes.* It increases state taxes on most alcoholic beverages.
- *Conflicts with Other Measures on this Ballot.* It contains language stating how conflicts between it and two other measures on this ballot are to be resolved.

*Alcohol Taxes.* This measure increases state taxes on most alcoholic beverages, beginning March 1, 1991. The tax on beer and most wines would increase from 4 cents and 1 cent, respectively, to 20 cents per gallon (the tax on sparkling wines, such as champagne, would remain at the current rate of 30 cents per gallon). The tax on liquor would increase from \$2 to \$3.30 per gallon. As a result, taxes would go up by 9 cents on a six-pack of beer, by 4 cents on a bottle (750 milliliters) of most wines and by 26 cents on a bottle (750 milliliters) of liquor.

The state General Fund would receive all of the revenue from the higher taxes. The measure places the new tax rates in the State Constitution. The Legislature could increase, but not reduce, taxes on alcoholic beverages in the future.

*Conflicts with Other Measures on this Ballot.* This measure contains language stating how conflicts between it and two other measures on this ballot are to be resolved.

- Proposition 134, The Alcohol Tax Act of 1990, also

would impose additional taxes on alcoholic beverages, although at rates higher than those imposed by this measure. If Proposition 134 also is approved, this measure states that all of the provisions in the measure with the largest number of votes will take effect, and *none* of the provisions of the other measure will take effect. The legal effect of this language is uncertain. This is because the State Constitution currently requires that only the *conflicting* provisions of the measure that receives the greater vote prevails.

- Proposition 136, The Taxpayers' Right to Vote Act of 1990, requires that any new or increased "special taxes" with respect to personal property be imposed on the *value* of the property. While the meaning of these provisions in Proposition 136 is uncertain, they may be interpreted to prohibit new *per-unit* special taxes on cigarettes, alcoholic beverages, and other items. However, Proposition 126 imposes a "general tax" on units (gallons) of alcoholic beverages. In addition, the measure states that it is exempt from the provisions of The Taxpayers' Right to Vote Act of 1990.

### Fiscal Effect

The higher alcohol taxes imposed by this measure would result in additional state General Fund revenues of about \$70 million in 1990-91 (part year) and about \$195 million in 1991-92 (first full year). These amounts include increased state sales tax revenue (\$2 million in 1991-92) that occurs because the sales tax is levied on the total price of alcoholic beverages, including alcoholic beverage taxes. Similarly, local sales tax revenues would increase by about \$1.6 million annually statewide. The amount of revenues after 1991-92 will depend on trends in alcohol sales. The measure increases the state's constitutional spending limit to include the additional tax revenue.

Under existing requirements of the State Constitution, public schools and community colleges may receive approximately 41 percent of the additional revenues from the taxes imposed by this measure. Whether this occurs in any year will depend upon which of the formulas used to determine the state funding guarantee is in effect that year.

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For text of Proposition 126 see page 73

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## Argument in Favor of Proposition 126

### Proposition 126: A Better Approach

Proposition 126, the Alcohol Abuse and Drug Education Act, is a far better approach to alcohol taxes than Proposition 134.

Proposition 134 doesn't direct a penny to public schools. Proposition 126 could give nearly \$1 billion over 10 years to schools. Experts agree the most effective way to stop alcohol abuse is through early education.

Teaching children the dangers of alcohol consumption and stopping alcohol abuse by adults should be top priorities for California. Education is a key element in winning the war against alcohol abuse.

Proposition 126 is supported by a broad bipartisan coalition of educators, alcohol abuse experts, taxpayer advocates, farmers, and other community and industry leaders.

That's why we urge you to vote YES on the alcohol tax—Proposition 126.

### Hundreds of Millions Available for Public School Programs

Proposition 126—the alcohol tax—could raise nearly \$1 billion in 10 years for public schools.

An ounce of prevention is worth a pound of cure. Our teachers, principals and school counselors could use this money for programs which can help prevent the problems of alcohol use by our children.

### An Additional \$1 Billion Available for Drunk Driving and Treatment Programs

Proposition 126 raises an additional \$1 billion over 10 years which could be used for programs aimed at adults who abuse alcohol. It could be used for programs, with proper budget oversight, such as:

- Hiring new officers to increase drunk driving patrols.
- Treating alcoholics in trauma centers and mental health facilities.
- Curing alcoholics in rehabilitation and recovery programs.
- Stepping up the war on *illegal* drug use and alcohol abuse.

### Without Raising Our Income Taxes

None of the money raised by Proposition 126 comes from our income,

sales or other taxes. All of this money comes from a *tax on beer, wine and distilled spirits*. The taxes on beer and distilled spirits will increase to the national average and wine taxes will be substantially increased.

### No Hidden Taxpayer Costs

Proposition 134 also contains hundreds of millions of dollars in *hidden costs which all taxpayers must bear*. It guarantees a few privileged government programs hundreds of millions of dollars in yearly budget increases—whether they need them or not—every year, forever.

Proposition 134's budget escalators must come from the state's General Fund—from our income, sales and other taxes. The only other option is to dramatically cut budgets of other important programs—like educational services, senior care and fire protection.

Proposition 126 contains *no hidden income or sales tax costs*. It just increases alcohol taxes.

Proposition 126, the Alcohol Abuse and Drug Education Act, is a fiscally sound approach to the problems of alcohol abuse. It can help prevent our children from using alcohol. It can provide money for drunk driving enforcement, trauma care centers, mental health and other important programs.

It does all this by imposing a substantial, yet fiscally sound, tax increase on alcohol.

On November 6th, we urge you to vote YES on Proposition 126 and NO on Proposition 134.

**ALFRED E. ALQUIST**

*Chairman, State Senate Committee on Budget and Fiscal Review*

**ED FOGLIA**

*President, California Teachers Association*

**DAVID BROWN**

*President, Association of California School Administrators*

## Rebuttal to Argument in Favor of Proposition 126

**REBUTTAL ARGUMENT TO ARGUMENT IN SUPPORT OF PROPOSITION 126**

**PROPOSITION 126 IS SPONSORED BY THE LIQUOR INDUSTRY.** The reason they say Proposition 126 is a better approach to taxing the liquor industry than Proposition 134, the "Nickel-a-Drink" proposal, is that Proposition 126 taxes them less.

The only reason Proposition 126 is on the ballot is that the liquor industry spends \$1,000,000 each year lobbying the Legislature and has contributed over \$1,600,000 to politicians since 1988. What the liquor industry wants, the Legislature gives. That's why the Legislature has not changed the wine tax from 1¢ per gallon since 1937.

The sole purpose of Proposition 126 is to defeat Proposition 134, the "Nickel-a-Drink" Alcohol Tax Initiative. When reading the argument in favor of Proposition 126, CONSIDER THE SOURCE—IT IS THE LIQUOR INDUSTRY!

The arguments in support of Proposition 126 are false and misleading. Proposition 126 does not guarantee one penny to schools for alcohol and drug use education. It does not give any money for the enforcement of California's drunk driving laws.

Only Proposition 134 guarantees funds for alcohol related problems. Only Proposition 134 guarantees funds for education programs and enforcement of drunk driving laws.

Before voting on Proposition 126, ask yourself whom do you trust: the liquor industry or former Surgeon General C. Everett Koop who said: "Who could quarrel with a nickel-a-drink user fee . . . to help save lives."

Don't be fooled by the liquor industry.

**VOTE NO ON PROPOSITION 126.**

**PATRICIA GORMAN**

*President, California Emergency Nurses Association*

**MICHAEL SPARKS**

*Chairperson, California Council on Alcohol Policy*

**CAROLE McDONALD**

*Former Director, Victim Services, Mothers Against Drunk Drivers (MADD)*

# Alcoholic Beverages. Taxes. Legislative Constitutional Amendment

# 126

## Argument Against Proposition 126

Proposition 126 is sponsored by the liquor industry. It is a key component of the liquor industry's campaign to defeat Proposition 134, the "Nickel-a-Drink" Alcohol Tax Initiative.

Proposition 126 places California's excise tax on alcohol in the state constitution. **TAX RATES SHOULD NOT BE IN THE CONSTITUTION!**

**CALIFORNIA HAS THE LOWEST EXCISE TAXES ON ALCOHOL IN THE NATION.** For decades, the liquor lobby has opposed every alcohol tax increase proposal before the State Legislature. Now, the liquor industry is supporting Proposition 126. **WHY?**—in the hopes of pre-empting Proposition 134, the "Nickel-a-Drink" Alcohol Tax Initiative. **PROPOSITION 126 DOES NOT EVEN BRING CALIFORNIA'S ALCOHOL TAX UP TO THE NATIONAL AVERAGE!**

### DON'T BE FOOLED COMPARE THE TWO

The liquor industry lobbied the Legislature to put Proposition 126 on the ballot.

1,168,995 California voters signed petitions to put Proposition 134 on the ballot.

Proposition 126 will deposit its new tax revenues in the State General Fund, to be spent at the discretion of the State Legislature.

Proposition 134, the "Nickel-a-Drink" Alcohol Tax Initiative, requires that its revenues be invested in programs that address alcohol related problems, including:

- Alcohol and drug abuse education.
- Enforcement of drunk driving, and other alcohol and drug-related, laws.
- Emergency and trauma care treatment.
- Alcohol and drug abuse prevention and recovery programs.
- Alcohol and drug abuse programs.
- Community mental health programs.
- Programs for the innocent victims of alcohol abuse, including spousal and child abuse victims.
- Programs for infants with birth defects caused by alcohol and drug abuse during pregnancy.

Proposition 126 does nothing to address the negative impacts and costs of alcohol abuse to California taxpayers.

**PROPOSITION 126 DOES NOT GUARANTEE ONE DOLLAR FOR ALCOHOL AND DRUG USE EDUCATION OR PROGRAMS IMPACTED BY ALCOHOL ABUSE.**

Proposition 126 ignores these facts:

- Alcohol costs California taxpayers \$13 billion annually.
- Alcohol is the leading cause of death among teenagers.
- California's emergency medical system is near collapse, largely because of alcohol related accidents and injuries.
- Approximately 33% of all mentally ill and homeless persons also have alcohol and drug problems.

**PROPOSITION 126 DOES NOT GUARANTEE ONE DOLLAR FOR ENFORCEMENT OF DRUNK DRIVING LAWS.**

Before voting for Proposition 126, ask yourself this question:

### WHOM DO YOU TRUST?

The liquor industry, which is sponsoring Proposition 126.

OR

The following groups which are supporting Proposition 134, the "Nickel-a-Drink" Alcohol Tax Initiative:

- The California Association of Highway Patrolmen
- The California Council on Alcohol Problems
- The California Council of Churches
- California Consortium for the Prevention of Child Abuse
- The American College of Emergency Physicians, California Chapter
- The California Nurses Association
- The California Police Chiefs Association
- California Council of Community Mental Health Agencies
- The California Council on Children and Youth

Don't be fooled by the deceptive arguments of the alcohol industry. **SAY "NO" TO THE ALCOHOL INDUSTRY'S ATTEMPT TO PRE-EMPT THE "NICKEL-A-DRINK" INITIATIVE.**

VOTE "NO" on PROPOSITION 126.

VOTE "YES" on PROPOSITION 134.

**STEVEN G. MADISON**

*President, Board of Directors*

*California Consortium for the Prevention of Child Abuse*

**DR. DONALD M. BOWMAN**

*Executive Director, California Council on Alcohol Problems*

**CHIEF DONALD J. BURNETT**

*President, California Police Chiefs Association*

## Rebuttal to Argument Against Proposition 126

Voters should compare Propositions 126 and 134. We're sure you'll agree: Proposition 126 is a better approach.

### SPENDS WHAT IT RAISES

Proposition 126 only spends what it actually raises in alcohol taxes—*nearly \$200 million annually.*

Proposition 134, in the first year, spends *three times more money than it raises.*

### NO IMPACT ON OTHER TAXES

Proposition 126 has *NO* hidden income or sales tax increases.

Proposition 134 guarantees a few government programs more money every year, forever. *Proposition 134's annual budget escalators must be paid for by our income and sales taxes.* The other option: cut other important programs' budgets—like firefighting, senior care and transportation.

### MONEY FOR SCHOOLS

Proposition 126 could give *nearly \$1 billion over 10 years to public schools*—the most effective place for prevention education. Educators—like the California Teachers Association and California School Administrators—support Proposition 126.

Proposition 134 directs *NO money to public schools.*

### FAIR TO CONSUMERS

Proposition 126 increases beer and liquor taxes *to the national average.*

Proposition 134 increases alcohol taxes to *twice the national average*—that's unfair to consumers.

### BUDGET CONTROLS

Proposition 126 will receive *strong budget and spending controls.* Programs receiving Proposition 126 money must justify annually that our tax dollars are spent efficiently.

Proposition 134 programs get more money every year—whether they need it or not. No citizens or government group will oversee Proposition 134 expenditures. Money can be spent on office equipment and salaries.

Vote for the better alcohol tax proposition.

**YES ON PROPOSITION 126**

**NO ON PROPOSITION 134**

**JERRY PIERSON**

*Secretary/Treasurer, California Council of Police and Sheriffs (Cal-COPS)*

**SALLY DAVIS**

*Former Director, State Department of Drug and Alcohol Programs*

**KIRK WEST**

*President, California Chamber of Commerce*

## Proposition 124: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 29 (Statutes of 1990, Resolution Chapter 6) expressly amends the Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED AMENDMENT TO ARTICLE XVI

SEC. 6. The Legislature shall have no power to give or to lend, or to authorize the giving or lending, of the credit of the State, or of any county, city and county, city, township or other political corporation or subdivision of the State now existing, or that may be hereafter established, in aid of or to any person, association, or corporation, whether municipal or otherwise, or to pledge the credit thereof, in any manner whatever, for the payment of the liabilities of any individual, association, municipal or other corporation whatever; nor shall it have power to make any gift or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation whatever; provided, that nothing in this section shall prevent the Legislature granting aid pursuant to Section 3 of Article XVI; and it shall not have power to authorize the State, or any political subdivision thereof, to subscribe for stock, or to become a stockholder in any corporation whatever; provided, further, that irrigation districts for the purpose of acquiring the control of any entire international water system necessary for its use and purposes, a part of which is situated in the United States, and a part thereof in a foreign country, may in the manner authorized by law, acquire the stock of any foreign corporation which is the owner of, or which holds the title to the part of such system situated in a foreign country; provided, further, that irrigation districts for the purpose of acquiring water and water rights and other property necessary for their uses and purposes, may acquire and hold the stock of corporations, domestic or foreign, owning waters, water rights, canals, waterworks, franchises or concessions subject to the same obligations and liabilities as are imposed by law upon all other stockholders in such corporation; and *provided, further, that the Legislature by statute may authorize local hospital districts to acquire and own stock of corporations which engage in any health care related business as that term may be defined from time to time by the Legislature, and provided that the district shall be subject to the same obligations and liabilities as are imposed by law upon all other stockholders in those corporations; and*

*Provided, further, that nothing in this section shall be construed to repeal or otherwise affect Section 2400 of the Business and Professions Code; and*

Provided, further, that this section shall not prohibit any county, city and county, city, township, or other political corporation or subdivision of the State

from joining with other such agencies in providing for the payment of workers' compensation, unemployment compensation, tort liability, or public liability losses incurred by such agencies, by entry into an insurance pooling arrangement under a joint exercise of powers agreement, or by membership in such ~~publicly owned~~ *publicly owned* nonprofit corporation or other public agency as may be authorized by the Legislature; and

Provided, further, that nothing contained in this Constitution shall prohibit the use of State money or credit, in aiding veterans who served in the military or naval service of the United States during the time of war, in the acquisition of, or payments for, (1) farms or homes, or in projects of land settlement or in the development of such farms or homes or land settlement projects for the benefit of such veterans, or (2) any business, land or any interest therein, buildings, supplies, equipment, machinery, or tools, to be used by the veteran in pursuing a gainful occupation; and

Provided, further, that nothing contained in this Constitution shall prohibit the State, or any county, city and county, city, township, or other political corporation or subdivision of the State from providing aid or assistance to persons, if found to be in the public interest, for the purpose of clearing debris, natural materials, and wreckage from privately owned lands and waters deposited thereon or therein during a period of a major disaster or emergency, in either case declared by the President. In such case, the public entity shall be indemnified by the recipient from the award of any claim against the public entity arising from the rendering of such aid or assistance. Such aid or assistance must be eligible for federal reimbursement for the cost thereof.

And provided, still further, that notwithstanding the restrictions contained in this Constitution, the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office. Such temporary transfer of funds to any political subdivision shall be made only upon resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and county to make such temporary transfer. Such temporary transfer of funds to any political subdivision shall not exceed 85 percent of the anticipated revenues accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be repaid from the revenues accruing to such political subdivision before any other obligation of such political subdivision is met from such revenue.

## Proposition 125: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 32 (Statutes of 1990, Resolution Chapter 55) expressly amends the Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED AMENDMENT TO ARTICLE XIX

SECTION 1. Revenues from taxes imposed by the state on motor vehicle fuels for use in motor vehicles upon public streets and highways, over and above the costs of collection and any refunds authorized by law, shall be used for the following purposes:

(a) The research, planning, construction, improvement, maintenance, and operation of public streets and highways (and their related public facilities for

nonmotorized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for ~~such~~ *those* purposes, and the administrative costs necessarily incurred in the foregoing purposes.

(b) The research, planning, construction, and improvement of exclusive public mass transit guideways (and their related fixed facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for those purposes, the administrative costs necessarily incurred in the foregoing purposes, *the acquisition of rail transit vehicles and rail transit equipment which operate only on exclusive public mass transit guideways*, and the maintenance of the structures and the immediate right-of-way for the public mass transit guideways, but excluding the maintenance and operating costs for mass transit power systems and mass transit passenger facilities, vehicles, equipment, and services.

## Proposition 126: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 38 (Statutes of 1990, Resolution Chapter 56) expressly amends the Constitution by adding a section and an article thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED AMENDMENT TO ARTICLE XIII B AND ADDITION OF ARTICLE XXII

First—That the Legislature hereby proposes to the people of the State of California that the Constitution of the State be amended by adding Section 13 to Article XIII B thereof, to read:

SEC. 13. (a) *For the 1990-91 fiscal year, "proceeds of taxes" do not include any taxes collected in accordance with Section 5 of Article XXII during that fiscal year.*

(b) *For fiscal years beginning on or after July 1, 1991, the appropriations limit of the state shall be the appropriations limit for the 1990-91 fiscal year as otherwise determined pursuant to this article, as increased by an amount equal to the amount of revenue received for the 1991-92 fiscal year from the taxes imposed pursuant to Section 5 of Article XXII, and as further adjusted pursuant to this article.*

Second—That the Legislature hereby proposes to the people of the State of California that the Constitution of the State be amended by adding Article XXII, to read:

#### Article XXII. Alcoholic Beverage Excise Taxes and Surtaxes

SECTION 1. *Taxes or fees specifically imposed on the manufacture, importation, storage, distribution, sale, consumption, or use of alcoholic beverages may be levied only as provided in Sections 3, 4, and 5 of this article, or by the Legislature pursuant to Section 22 of Article XX and Section 3 of Article XIII A. Taxes or fees, which are imposed or authorized by the Legislature, and which are broadly applicable to the manufacture, importation, storage, distribution, sale,*

*consumption, or use of tangible personal property, may be applied in the case of alcoholic beverages.*

SEC. 2. *Except as provided by the Legislature, the taxes imposed under Sections 3, 4, and 5 are in lieu of all county, city (including a charter city), or district taxes on the sale of alcoholic beverages.*

SEC. 3. *An excise tax is imposed upon all beer and wine sold in this State by a manufacturer, winegrower, importer, or seller of beer or wine selling beer or wine with respect to which no tax has been paid within areas over which the United States government exercises jurisdiction, at the following rates:*

(a) *On all beer, one dollar and twenty-four cents (\$1.24) for every barrel containing 31 gallons and at a proportionate rate for any other quantity.*

(b) *On all still wines containing not more than 14 percent of absolute alcohol by volume, one cent (\$.01) per wine gallon and at a proportionate rate for any other quantity.*

(c) *On all still wines containing more than 14 percent of absolute alcohol by volume, two cents (\$.02) per wine gallon and at a proportionate rate for any other quantity.*

(d) *On champagne, sparkling wine, excepting sparkling hard cider, whether naturally or artificially carbonated, thirty cents (\$.30) per wine gallon and at a proportionate rate for any other quantity.*

(e) *On sparkling hard cider, two cents (\$.02) per wine gallon and at a proportionate rate for any other quantity.*

SEC. 4. *An excise tax is imposed upon all distilled spirits sold in this state by a manufacturer, distilled spirits manufacturer's agent, brandy manufacturer, rectifier, wholesaler, common carrier with respect to sales made upon boats, trains, and airplanes, person licensed to sell distilled spirits upon boats, trains, and airplanes, or seller of distilled spirits selling distilled spirits with respect to which no tax has been paid within areas over which the United States government exercises jurisdiction, at the following rates:*

(a) *On all distilled spirits of proof strength or less, two dollars (\$2) per wine*

gallon and at a proportionate rate for any other quantity, and on all nonliquid distilled spirits containing 50 percent or less alcohol by weight, two cents (\$0.02) per ounce avoirdupois and at a proportionate rate for any other quantity.

(b) On all distilled spirits in excess of proof strength and all nonliquid distilled spirits containing more than 50 percent alcohol by weight, two times the rate specified in subdivision (a).

SEC. 5. On and after March 1, 1991, an excise surtax is hereby imposed upon all beer and wine sold in this state by a manufacturer, winegrower, or importer, and upon all distilled spirits sold in this state by a manufacturer, distilled spirits manufacturer's agent, brandy manufacturer, winegrower, importer, rectifier, wholesaler, common carrier with respect to distilled spirits sales made upon boats, trains, and airplanes, or persons licensed to sell distilled spirits upon boats, trains, and airplanes, and upon sellers of beer, wine, or distilled spirits with respect to which no tax has been paid within areas over which the United States government exercises jurisdiction, at the following rates:

(a) On all beer, sixteen cents (\$0.16) per gallon and at a proportionate rate for any other quantity.

(b) On all still wines containing not more than 14 percent of absolute alcohol by volume, nineteen cents (\$0.19) per wine gallon and at a proportionate rate for any other quantity.

(c) On all still wines containing more than 14 percent of absolute alcohol by volume, eighteen cents (\$0.18) per wine gallon and at a proportionate rate for any other quantity.

(d) On sparkling hard cider, eighteen cents (\$0.18) per wine gallon and at a proportionate rate for any other quantity.

(e) On all distilled spirits of proof strength or less, one dollar and thirty cents (\$1.30) per wine gallon and at a proportionate rate for any other quantity.

(f) On all distilled spirits in excess of proof strength, two dollars and sixty cents (\$2.60) per wine gallon and at a proportionate rate for any other quantity.

(g) Except with respect to beer and wine in the possession of an alcoholic beverage manufacturer, and except with respect to distilled spirits in the possession of a distilled spirits manufacturer, wholesaler, or importer, the Legislature shall impose, by appropriate legislation, floor stock taxes in amounts

equal to the surtaxes imposed by this section upon all alcoholic beverages upon which the surtaxes have not been paid, which are in the possession at 2:01 a.m. on March 1, 1991, of any person licensed pursuant to the second paragraph of Section 22 of Article XX. Any floor stock taxes with respect to alcoholic beverages shall become due and payable by remittance to the State Board of Equalization 120 days after the date upon which the floor tax is determined.

SEC. 6. The excise taxes and surtaxes imposed under Sections 3, 4, and 5 intended to replace and therefore shall supercede the excise taxes previously imposed pursuant to statutes. The excise taxes and surtaxes imposed under Sections 3, 4, and 5 shall be subject to credits, refunds, and exemptions as described in statutes imposing those excise taxes immediately prior to the effective date of this article. The Legislature shall have the power to modify, add to, or repeal credits, refunds, and exemptions. All taxes, interest, and penalties imposed and all amounts of tax required to be paid to the State under this article shall be paid in the form of remittances payable to the State of California and deposited into the General Fund at the times and in the manner that the Legislature may prescribe. This article shall be self-executing, but nothing herein shall prohibit the Legislature from enacting laws implementing and not inconsistent with its provisions.

SEC. 7. The measure adding this section is inconsistent with and intended as an alternative to any initiative measure that appears on the same ballot that imposes taxes or surtaxes upon alcoholic beverages. In the event that the measure adding this section and another measure that imposes taxes or surtaxes upon alcoholic beverages are adopted at the same election, a conflict shall be deemed to exist between the measures and the measure which receives the greater number of votes shall prevail in its entirety and the other measure shall be null and void in its entirety. The taxes and surtaxes imposed by the measure adding this section shall not be imposed in addition to another tax or surtax upon alcoholic beverages that is adopted at the same election.

SEC. 8. The provisions of the initiative measure, entitled the Taxpayers Right to Vote Act of 1990, if adopted by the voters at the November 6, 1990, general election, shall not apply to this measure.

### Proposition 127: Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 33 (Statutes of 1990, Resolution Chapter 57) expressly amends the Constitution by adding provisions thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

#### PROPOSED ADDITION TO SUBDIVISION (c) OF SECTION 2 OF ARTICLE XIII A

(4) *The construction or installation of seismic retrofitting improvements or*

*improvements utilizing earthquake hazard mitigation technologies, which are constructed or installed in existing buildings after the effective date of this paragraph. The Legislature shall define eligible improvements. This exclusion does not apply to seismic safety reconstruction or improvements which qualify for exclusion pursuant to the last sentence of the first paragraph of subdivision (a).*

### Proposition 128: Text of Proposed Law

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

This initiative measure amends, repeals, and adds sections to various codes; therefore, existing sections 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

##### TITLE ONE

###### SECTION 1. Short Title

This Act shall be known as the Environmental Protection Act of 1990.

##### TITLE TWO

###### SECTION 2. Findings and Declarations

We, the People of the State of California, do find and declare:

A. Our health, natural environment and quality of life are threatened by chemical pollution of the food which nourishes us, the air we breathe and our ocean waters.

B. These environmental problems arise from a common cause, our production of and dependence on toxic chemicals in all aspects of the economy.

C. These problems are urgent issues requiring solutions, now. Our State and federal governments have failed to resolve them, and have not adequately protected our health and environment. The public's trust has been compromised by special interests, and public confidence has been weakened by government's failure to act. It is therefore necessary to act by way of initiative to make the necessary changes in law.

We hereby further find and declare:

1) Each year, millions of pounds of pesticides are used in California, and eventually contaminate the food chain, drinking water supply, ocean, air, soil and ecosystem. Many of these pesticides pose clear hazards to human life and health.

2) Our children are more vulnerable than adults to the toxic effects of pesticides because of their immature physiological systems and special susceptibility to cancer-causing substances.

3) Neither the state nor federal government has adequately protected the People of the State of California from hazardous pesticides, in the food chain, in the fields, and elsewhere in the environment, placing adults and especially children in serious jeopardy. As a result of this governmental failure, consumers and agricultural workers are exposed daily through work and food to hazardous pesticides.

4) The public health and environment will be best protected by the regulatory measures set forth in this Act, by conferring responsibility on the California Department of Health Services to control the use of pesticides, and by providing State funds for the development of safe alternatives while phasing out cancer causing and other hazardous pesticides.

We also further find and declare:

1) As a result of California's rapid economic and population growth, the People of the State consume vast amounts of fossil fuels and other chemical substances through transportation, heating and cooling, manufacturing, and in the production of electricity. That consumption creates tens of millions of tons of waste gases and pollutants every year, including carbon dioxide from combustion of fossil fuels, chlorofluorocarbons and halons from industry, and nitrous oxides from motor vehicles.

2) There is increasing and substantial scientific evidence that global temperatures are gradually being raised by the cumulative effect of the emissions of these gases released into the atmosphere by human and industrial activity.

3) In addition to the emissions of these gases, global warming is increased by the depletion of our forests and urban trees. Between 1977 and 1986 alone, California lost over 700,000 acres of its forests to agricultural use and urban expansion.

4) California's old growth redwoods are an irreplaceable national and international resource, but exist only as a fragment of an ancient temperate rain forest ecosystem which once comprised approximately 2 million acres. Their continued destruction contributes to the loss of our forests and to global warming, and their cutting and harvesting, especially through clear cutting, contributes to erosion, pollution of water courses, and destruction of fishery and animal resources. Because of their extremely high biomass per acre, preservation of ancient redwood stands is significant in counteracting global warming, and provides an example of the actions that should be taken on a global scale.

5) There is also increasing and substantial scientific evidence that chemical substances are contributing to the destruction of the stratospheric ozone layer which shields the earth's surface from dangerous solar radiation. The continued destruction of the ozone layer could result in enormous increases in skin cancer cases, decreased yields of food crops, and adversely affect the health and welfare of the People of the State of California.

6) If these emissions continue unabated, and if the loss of trees in the State continues, global warming could have substantial adverse impacts on the State, including a reduction in water deliveries from the State Water Project to agricultural and urban areas, an expansion of San Francisco Bay caused by rising ocean levels, decreased crop yields due to higher temperatures and lower precipitation, increased temperatures, and increased energy usage to cool residences and workplaces.

7) As a result, the People of the State of California declare that the State must take the steps described in this Act to reduce toxic contamination of our air, to reduce its emission of waste gases which warm the atmosphere, to reduce and eliminate its use of chemicals which destroy the stratospheric ozone layer, and to protect and restore trees in the state.

Finally, We find and declare:

1) Over one million barrels of oil are imported into California each day by oil