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# CALIFORNIA BALLOT PAMPHLET

## GENERAL ELECTION

### NOVEMBER 4, 1986



MARCH FONG EU  
Secretary of State  
1230 J STREET  
SACRAMENTO, CA 95814



BULK RATE  
U.S.  
POSTAGE  
PAID  
Secretary of  
State

1 73-707307-0000  
THE PUBLIC AFFAIRS  
20th DISTRICT  
CA 92102

In an effort to reduce election costs, the State Legislature has authorized the Secretary of State and counties having the capability to mail only one ballot pamphlet to addresses where more than one voter with the same surname resides. If you wish additional copies, you may obtain them by calling or writing to your county clerk or registrar of voters.

#### CERTIFICATE OF SECRETARY OF STATE

I, March Fong Eu, Secretary of State of the State of California, do hereby certify that the foregoing measures will be submitted to the electors of the State of California at the GENERAL ELECTION to be held throughout the State on November 4, 1986, and that this pamphlet has been correctly prepared in accordance with law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 13th day of August 1986.

**ELECTION  
MATERIAL**

*March Fong Eu*

MARCH FONG EU  
Secretary of State





## Secretary of State

SACRAMENTO 95514

Dear Fellow Californians:

This is your California Ballot Pamphlet for the November 4, 1986, General Election. It contains the ballot title, a short summary, the Legislative Analyst's analysis, the pro and con arguments and rebuttals, and the complete text of each proposition. It also contains the legislative vote cast for and against each measure proposed by the Legislature.

Many rights and responsibilities go along with citizenship. Voting is one of the most important as it is the foundation on which our democratic system is built. Read carefully each of the measures and information about them contained in this pamphlet. Legislative propositions and citizen-sponsored initiatives are designed specifically to give you, the electorate, the opportunity to influence the laws which regulate us all.

Take advantage of this opportunity and exercise your rights by voting on November 4, 1986.

SECRETARY OF STATE

Please note that Proposition 53 is the first proposition for this election. To avoid confusion with past measures, the Legislature passed a law which requires propositions to be numbered consecutively starting with the next number after those used in the November 1982 General Election. This numbering scheme runs in twenty-year cycles.

tive toxicity into the consumer product in question.

**25249.12 Implementation.** The Governor shall designate a lead agency and such other agencies as may be required to implement the provisions of this chapter including this section. Each agency so designated may adopt and modify regulations, standards, and permits as necessary to conform with and implement the provisions of this chapter and to further its purposes.

**25249.13 Preservation Of Existing Rights, Obligations, and Penalties.** Nothing in this chapter shall alter or diminish any legal obligation otherwise required in common law or by statute or regulation, and nothing in this chapter shall create or enlarge any defense in any action to enforce such legal obligation. Penalties and sanctions imposed under this chapter shall be in addition to any penalties or sanctions otherwise prescribed by law.

**SECTION 3.** Subdivision (d) of Section 25189.3 of the Health and Safety Code is amended to read:

(d) The court shall also impose upon a person convicted of violating subdivision (b) or (c) a fine of not less than five thousand dollars (\$5,000) or more than ~~forty~~ one hundred thousand dollars ~~(\$50,000)~~ (\$100,000) for each day of violation except as further provided in this subdivision. If the act which violated subdivision (b) or (c) caused great bodily injury or caused a substantial probability that death could result, the person convicted of violating subdivision (b) or (c) may be punished by imprisonment in the state prison for up to 36 months, in addition to the term specified in subdivision (b) or (c), and may be fined up to two hundred fifty thousand dollars (\$250,000) for each day of violation.

**SECTION 4.** Section 25180.7 is hereby added to the Health and Safety Code as follows:

(a) Within the meaning of this section, a "designated government employee" is any person defined as a "designated employee" by Government Code Section 82019, as amended.

(b) Any designated government employee who obtains information in the course of his official duties revealing the illegal discharge or threatened illegal discharge of a hazardous waste within the geographical area of his jurisdiction and who knows that such discharge or threatened discharge is likely to cause substantial injury to the public health or safety must, within seventy-two hours, disclose such information to the local Board of Supervisors and to the local health officer. No disclosure of information is required under this subdivision when otherwise prohibited by law, or when law enforcement personnel have determined that such disclosure would adversely affect an ongoing criminal investigation, or when the information is already general public knowledge within the locality affected by the discharge or threatened discharge.

(c) Any designated government employee who knowingly and intentionally fails to disclose information required to be disclosed under subdivision (b) shall, upon conviction, be punished by imprisonment in the county

jail for not more than one year or by imprisonment in state prison for not more than three years. The court may also impose upon the person a fine of not less than five thousand dollars (\$5,000) or more than twenty-five thousand dollars (\$25,000). The felony conviction for violation of this section shall require forfeiture of government employment within thirty days of conviction.

(d) Any local health officer who receives information pursuant to subdivision (b) shall take appropriate action to notify local news media and shall make such information available to the public without delay.

**SECTION 5.** Section 25192 of the Health and Safety Code is amended to read:

**25192.** (a) All civil and criminal penalties collected pursuant to this chapter or Chapter 6.6 (commencing with Section 25249.5) shall be apportioned in the following manner:

(1) Fifty percent shall be deposited in the **Hazardous Waste Control Account Hazardous Substance Account** in the General Fund.

(2) Twenty-five percent shall be paid to the office of the city attorney, city prosecutor, district attorney, or Attorney General, whichever office brought the action, or in the case of an action brought by a person under subdivision (d) of Section 25249.7 to such person.

(3) Twenty-five percent shall be paid to the department and used to fund the activity of the local health officers officer to enforce the provisions of this chapter pursuant to Section 25180. If investigation by the local police department or sheriff's office or California Highway Patrol led to the bringing of the action, the local health officer shall pay a total of forty percent of his portion under this subdivision to said investigating agency or agencies to be used for the same purpose. If more than one agency is eligible for payment under this provision, division of payment among the eligible agencies shall be in the discretion of the local health officer.

(b) If a reward is paid to a person pursuant to Section 25191.7, the amount of the reward shall be deducted from the amount of the civil penalty before the amount is apportioned pursuant to subdivision (a).

(c) Any amounts deposited in the Hazardous Substance Account pursuant to this section shall be included in the computation of the state account rebate specified in Section 25347.2.

**SECTION 6.** If any provision of this initiative or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of the initiative which can be given effect without the invalid provision or application, and to this end the provisions of this initiative are severable.

**SECTION 7.** To further its purposes this initiative may be amended by statute, passed in each house by a two-thirds vote.

**SECTION 8.** This initiative shall take effect on January 1, 1987.



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## On the Cover . . .

The "Together we can make the difference. Vote." poster on the cover of this ballot pamphlet was designed by Paula Roukie, La Mirada High School in Los Angeles, first-place winner and recipient of a \$500 award in the "Get Out and Vote" student contest sponsored by the League of Women Voters of Los Angeles Education Fund, 1986.

The other two posters depicted on the cover use the slogans from the runners-up in the Secretary of State-7/Eleven voter slogan contest. The contest, which ran from January 6 to February 15, 1986, was designed to increase voter awareness and participation. The winning slogan appeared on the June 3, 1986, primary election ballot pamphlet cover. As second-place winner, Will Courtenay of San Francisco received \$500 for his entry, "You're needed for a group decision." Territa Lowenberg of Lafayette received \$250 as third-place winner for her slogan, "Be heard, not herded. Vote!"

Throughout this pamphlet, where space permitted, are printed slogans from the contest. Because so many clever and catchy slogans were submitted, we wanted to share as many of them as possible with you. The authors' names appear with the slogans.



## Official Title and Summary Prepared by the Attorney General

GREENE-HUGHES SCHOOL BUILDING LEASE-PURCHASE BOND LAW OF 1986. This act provides for a bond issue of eight hundred million dollars (\$800,000,000) to provide capital outlay for construction or improvement of public schools to be sold at a rate not to exceed four hundred million dollars (\$400,000,000) per year.

## Final Vote Cast by the Legislature on AB 4245 (Proposition 53)

Assembly: Ayes 70  
Noes 1

Senate: Ayes 29  
Noes 0

## Analysis by the Legislative Analyst

## Background

Since the passage of Proposition 13 in 1978, the state has provided most of the money used by local public school districts to construct, reconstruct, or modernize school facilities. Under the current state aid program, school districts may be required to contribute up to 10 percent of the cost of each project from local funds.

Proposition 46 on the June 1986 ballot restored to school districts the ability to issue school construction bonds and levy a property tax increase (subject to a two-thirds voter approval), in order to finance school facilities. This ability had been eliminated by Proposition 13.

**School Facilities Funding Needs.** The total amount of additional school facilities needed to meet current enrollment in the state is unknown. As of June 1, 1986, however, applications submitted by school districts for state funding of new school construction projects totaled approximately \$1.3 billion. In addition, applications for state funding of reconstruction or rehabilitation of school facilities totaled approximately \$991 million.

An estimated \$406 million is available under current law from state sources in 1986-87 to fund these requests. This amount includes \$130 million in bond funds from Proposition 26 of 1984, \$200 million in state tidelands oil revenues which were appropriated but not spent, and \$76 million in federal funds and revenues from other sources.

Since June 1986 school districts have been able to raise funding locally through issuance of school construction bonds under the authority granted by Proposition 46. The amount of money school districts may be able to generate through this mechanism is not known.

## Proposal

This measure would authorize the state to sell \$800 mil-

lion of state general obligation bonds in order to provide funds for the construction, reconstruction, or modernization of elementary and secondary school facilities. General obligation bonds are backed by the state, meaning that the state will use its taxing power to assure that enough money is available to pay off the bonds. The state's General Fund would be used to pay the principal and interest costs on these bonds. General Fund revenues come primarily from the state corporate and personal income taxes and the state sales tax.

At least \$400 million of the bond money would have to be used for the construction of *new* school facilities. No more than \$360 million of the funds raised from the bond sale could be used for the reconstruction or modernization of *existing* school facilities. Up to \$40 million of the bond sale proceeds could be used to buy and install air-conditioning equipment and insulation materials for eligible school districts with year-round school programs.

## Fiscal Effect

**Paying Off the Bonds.** For these types of bonds, the state typically would make principal and interest payments over a period of up to 20 years from the state's General Fund. The average payment would be about \$66 million each year if \$400 million in bonds were sold in both 1986-87 and 1987-88 at an interest rate of 7 percent.

**Borrowing Costs for Other Bonds.** By increasing the amount which the state borrows, this measure may cause the state and local governments to pay more under other bond programs. These costs cannot be estimated.

**State Revenues.** The people who buy these bonds are not required to pay state income tax on the interest they earn. Therefore, if California taxpayers buy these bonds instead of making taxable investments, the state would collect less taxes. This loss of revenue cannot be estimated.

Vote November 4, 1986.



## Text of Proposed Law

This law proposed by Assembly Bill 4245 (Statutes of 1986, Chapter 423) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Education Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED LAW

SECTION 1. Chapter 21.7 (commencing with Section 17696) is added to Part 10 of the Education Code, to read:

#### CHAPTER 21.7. GREENE-HUGHES SCHOOL BUILDING LEASE-PURCHASE BOND LAW OF 1986

17696. This chapter may be cited as the Greene-Hughes School Building Lease-Purchase Bond Law of 1986.

17696.1. 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) is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter. All references in this chapter to "herein" shall be deemed to refer both to this chapter and that law.

17696.15. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

- (a) "Committee" means the State School Building Finance Committee created by Section 15909.
- (b) "Board" means the State Allocation Board.
- (c) "Fund" means the State School Building Lease-Purchase Fund.

17696.2. For the purpose of creating a fund to provide aid to school districts of the state in accordance with the provisions of the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (Chapter 22 (commencing with Section 17700)), and of all acts amendatory thereof and supplementary thereto, and to provide funds to repay any money advanced or loaned to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code, the committee shall be and is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of eight hundred million dollars (\$800,000,000) in the manner provided herein, but not in excess thereof.

17696.25. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations 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 and interest thereof.

There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the state, as shall be required to pay the principal and interest on the bonds as herein provided, and it is hereby made 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 which shall be necessary to collect the additional sum.

On the several dates of maturity of the principal and interest in each fiscal year, there shall be transferred to the General Fund in the State Treasury, all of the money in the fund exclusive of funds transferred pursuant to subdivision (f) of Section 6217 of the Public Resources Code, not in excess of the principal of and interest on the bonds then due and payable, except as herein provided for the prior redemption of the bonds, and, in the event the money so returned on the dates of maturity is less than the principal and interest then due and payable, then the balance remaining unpaid shall be returned to the General Fund in the State Treasury out of the fund as soon thereafter as it shall become available.

17696.3. All money deposited in the fund under Section 17732 and pursuant to Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code shall be available only for transfer to the General Fund, as provided in Section 17696.25. When transferred to the General Fund, the money shall be applied as a reimbursement of the General Fund on account of principal and interest due and payable or paid from the General Fund on the earliest issue of school building bonds for which the General Fund has not been fully reimbursed by the transfer of funds.

17696.35. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter, an amount that will equal the following:

(a) The sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter, as the principal and interest become due and payable.

(b) The sum as is necessary to carry out Section 17696.4, which sum is appropriated without regard to fiscal years.

17696.4. For the purposes of carrying out the provisions of this chapter, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund to be allocated by the board in accordance with this chapter. Any moneys made available under this section to the board shall be returned by the board to the General Fund for moneys received from the sale of bonds sold for the purpose of carrying out this chapter.

17696.5. Upon request of the board from time to time, supported by a statement of the apportionments made and to be made under Chapter 22 (commencing with Section 17700), the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to fund the apportionments, and, if so, the amount of bonds to be issued and sold. Four hundred million dollars (\$400,000,000) shall be available for apportionment on December 1, 1986, and four hundred million dollars (\$400,000,000) shall become available for apportionment on December 1, 1987, such that a total of eight hundred million dollars (\$800,000,000) has become available for apportionment. The Treasurer shall sell the bonds so determined at such different times as necessary to service expenditures required by the apportionments.

17696.6. In computing the net interest cost under Section 16754 of the Government Code, interest shall be computed from the date of the bonds or the last preceding interest payment date, whichever is latest, to the respective

*Continued on page 56*



## Argument in Favor of Proposition 53

In recent years, California has made great strides in improving its elementary and secondary schools. Test scores are rising, students are spending more time in school, and staff morale is on the upswing.

But California's school population is growing again. In many areas of the state, classrooms are badly overcrowded. And over the next five years we will need to provide classrooms for nearly 450,000 new students. To keep up the momentum for improvement in the schools, our children need adequate classrooms, science laboratories, and libraries that a more demanding curriculum requires. That is why we urge you to vote YES on Proposition 53.

The total need for new school construction, school remodeling and replacement needs is estimated to be over \$4 billion by 1990.

Your YES vote on Proposition 53 will help provide new

schools in growing areas and badly needed repairs to older schools. Schoolchildren in every part of California will benefit from your YES vote. Using bonds to pay for schools is a safe and financially sound California tradition.

Outstanding schools are vital to California's economic health. To continue our progress for educational excellence, let's assure that every California child has a safe, uncrowded classroom. Join us in voting YES on Proposition 53.

**GEORGE DEUKMEJIAN**  
*Governor*

**BILL HONIG**  
*Superintendent of Public Instruction*

**TERESA P. HUGHES**  
*Member of the Assembly, 47th District*

## Rebuttal to Argument in Favor of Proposition 53

To receive an education in California is a privilege. The educational system is a MOTHERHOOD-APPLE PIE issue. The fiscal year 1986-87 budget provides \$21 billion for education, or 55 percent of the General Fund. If Legislature-approved bond issues for education in this ballot pamphlet are passed by the voters, the total for education would take 58 percent of the budget, or over \$22 billion. This budget pie would be reduced to \$15 billion, or 42 percent, for vital necessities: law enforcement, correctional facilities, welfare, and costs of government.

PROPOSITION 53 will place control of the funds for local school districts in a seven-member Sacramento board. In effect, LOCAL DISTRICTS LOSE CONTROL.

The largest school district in California, Los Angeles, has leased, closed and sold schools. Others are used for administrative purposes. This problem is NOT UNIQUE

only to Los Angeles, but exists in other districts. School districts should be responsible only to constituents in their districts. Constituents must retain LOCAL CONTROL. VOTE NO ON PROPOSITION 53.

By state law, LOTTERY FUND proceeds may not be utilized for NEW SCHOOLS. This law must be changed. To operate schools year-round is not the remedy. Motherhooding parents and all taxpayers realize that \$15 billion, or 42 percent of the budget expenditures, is not adequate to provide safety or vital services for California citizens.

The Bond Act provides for year-round schools. Don't jeopardize fiscal stability by raising taxes. VOTE NO ON PROPOSITION 53.

**ELLISON BLOODGOOD**  
*President, United Voters League*

If you have any questions about voting call your  
county clerk or registrar of voters.



## Argument Against Proposition 53

**SCHOOLS** — \$800 million bond issue — November 4, 1986, General Election. For the immediate past decade, and since 1977, California State Budgets have exceeded a total of \$225,000,000,000. Of those billions of dollars, over 50% has gone to the mandatory state education system—or—112.5 billion dollars.

As voters and taxpayers, let us join in dialogue with the authors of the \$800 million school bond measure that would provide \$360 million to remodel existing school buildings and \$440 million for new construction of buildings. A seven-member allocation board would distribute the funds to school districts. Certainly the money has been utilized to pay teacher salaries, pension plan payments, insurance, and the general maintenance of the educational system, while the overall excellence of students has been declining. Obviously, higher standards from students must be demanded, and until that is forthcoming from school administrators, all the money from future state budgets will be of no avail. \$800 million is only the tip of the financial iceberg.

During past fiscal years, the educational system was financed from current revenues—on a “pay as you go” basis—and the school system must return to that policy. Why has new school construction faltered? Poor planning of the existing fund allocations for new classrooms. At this date, more than \$8 billion in general obligation bonds—taxpayer money—is outstanding, plus billions more in local bonded indebtedness. A financial burden is an albatross on California taxpayers’ backs. California legislators have a fiduciary responsibility to California taxpayers.

California State Lottery funds for schools—how are the proceeds being utilized? Ask questions. Do not accept the thesis that new school funds or bonds are an absolute necessity to preserve the system. The taxpayers’ ability to make intelligent decisions and exercise control on government spending are the choices we face. Join the dialogue and **VOTE NO ON PROPOSITION 53.**

**ELLISON BLOODGOOD**  
*President, United Voters League*

## Rebuttal to Argument Against Proposition 53

The opposition argument is based on misinformation about the way California’s schools operate. First, opponents argue that higher standards must be demanded of students. We concur, and, since 1983 higher standards, more time in school, and more homework have been key elements of the current education improvement. Help continue improvement. **Vote YES on Proposition 53.**

Second, opponents imply that in the past, school construction has been paid for out of current revenues. This is simply not true. The majority of school construction projects have been financed through the fair and prudent method of general obligation bonds.

Using bonds to pay for school construction is fair and prudent because it allows the cost of school construction to be shared equitably by today’s and tomorrow’s taxpayers. Why should today’s taxpayers fund the full cost of schools that will be used for the next 50 years? Bonds are

a method preferred by private industry to fund their capital outlay projects. We believe government should use the same proven, efficient mechanisms private businesses use to pay their bills. **Vote YES on Proposition 53.**

Finally, opponents imply that lottery funds can and should be used for school construction. The opponents may not understand that the voters prohibited the use of lottery funds for school construction when they approved the lottery initiative in 1984.

Using bonds to build schools for the next generation of Californians is a fair deal for taxpayers. **Vote YES on Proposition 53.**

**BILL HONIG**  
*Superintendent of Public Instruction*

**TERESA P. HUGHES**  
*Member of the Assembly, 47th District*

**Polls are open from 7 a.m. until 8 p.m.**



# New Prison Construction Bond Act of 1986

## Official Title and Summary Prepared by the Attorney General

**NEW PRISON CONSTRUCTION BOND ACT OF 1986.** This act provides for the acquisition and construction of state youth and adult correctional facilities pursuant to a bond issue of five hundred million dollars (\$500,000,000).

## Final Vote Cast by the Legislature on AB 2545 (Proposition 54)

Assembly: Ayes 68  
Noes 1

Senate: Ayes 32  
Noes 0

## Analysis by the Legislative Analyst

### Background

In recent years there has been a great increase in the number of people sent to the state's adult prisons and youth correctional institutions. This trend is expected to continue. These facilities were not designed to house this increase.

**Adult Prison System.** This system was built to house about 33,200 inmates. In June 1986 it held about 55,000 inmates. By July 1989 the Department of Corrections expects an inmate population of over 65,000.

The state is addressing the prison capacity problem in several ways. The Department of Corrections is housing two inmates in cells intended to house only one inmate. In addition, the department has converted gymnasiums, classrooms and other space into temporary dormitories. The state also has approved funds for new prisons to increase the system's capacity to about 45,000 beds by July 1989.

Most of the money for these new prisons has come from bond funds approved by the voters (\$495 million in 1982 and \$300 million in 1984). The state has provided additional money from the General Fund and from lease-purchase agreements.

In addition to these steps, the department plans to build more prisons (for an additional 9,000 inmates), to improve existing prisons and complete new prisons currently under construction. This work will cost over \$800 million. The department plans to fund this \$800 million effort with money from this \$500 million bond measure and lease-purchase agreements.

Based on a 1980 study, it would cost at least another \$500 million to renovate existing prisons to meet minimum fire, life safety and earthquake requirements.

**Youth Correctional Institutions.** The state's youth institutions were built to house about 5,900 offenders. In June 1986 there were about 7,600 in the system. By 1991 the Department of the Youth Authority expects this number to increase to 9,200. In order to house this population, the department plans to construct facilities for an additional 3,300 offenders at a cost of about \$370 million. At the direction of the Legislature, however, the department is

studying options to reduce the size of this expected population. The results of the study will determine the need for additional facilities. The study should be completed by November 1, 1986.

### Proposal

This measure would permit the state to sell \$500 million in general obligation bonds for youth and adult prison construction. General obligation bonds are backed by the state, meaning that the state will use its taxing power to assure that enough money is available to pay off the bonds. Revenues deposited in the state's General Fund would be used to pay the principal and interest costs on the bonds. General Fund revenues come primarily from the state corporate and personal income taxes and the state sales tax.

The state could use the money to buy land, construct or remodel buildings or maintain facilities. The measure does not indicate how the money will be divided between the Department of Corrections and the Youth Authority. The state's 1986 budget would spend over \$14 million from this bond measure (if approved) for various construction projects at Youth Authority institutions. The Governor and the Legislature would determine how to spend the rest of the money.

### Fiscal Effect

**Paying Off the Bonds.** For these types of bonds the state typically would make principal and interest payments over a period of up to 20 years from the state's General Fund. The average payment would be about \$43 million each year if the bonds were sold at an interest rate of 7 percent.

**Borrowing Costs for Other Bonds.** By increasing the amount which the state borrows, this measure may cause the state and local governments to pay more under other bond programs. These costs cannot be estimated.

**State Revenues.** The people who buy these bonds are not required to pay state income tax on the interest they earn. Therefore, if California taxpayers buy these bonds instead of making taxable investments, the state would collect less taxes. This loss of revenue cannot be estimated.



## Text of Proposed Law

This law proposed by Assembly Bill 2545 (Statutes of 1986, Chapter 409) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Penal Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED LAW

SECTION 1. Chapter 14 (commencing with Section 7300) is added to Title 7 of Part 3 of the Penal Code, to read:

#### CHAPTER 14. NEW PRISON CONSTRUCTION BOND ACT OF 1986

7300. This chapter shall be known and may be cited as the New Prison Construction Bond Act of 1986.

7301. The State General Obligation Bond Law is adopted for the purpose of the issuance, sale and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter except that, notwithstanding anything in the State General Obligation Bond Law, the maximum maturity of the bonds shall not exceed 20 years from the date of each respective series. The maturity of each respective series shall be calculated from the date of such series.

7302. There is in the State Treasury the 1986 Prison Construction Fund, which fund is hereby created. The proceeds of the sale of bonds authorized by this act shall be deposited in this fund and may be transferred upon request of the Department of Corrections and upon approval of the Director of Finance, to the 1984 Prison Construction Fund established by Section 7202. If the moneys are so transferred, "fund" means the 1984 Prison Construction Fund.

7303. The 1986 Prison Construction Committee is hereby created. The committee shall consist of the Controller, the State Treasurer, and the Director of Finance. That committee shall be the "committee," as that term is used in the State General Obligation Bond Law.

The Department of Corrections is the "board" for the purpose of the State General Obligation Bond Law and this chapter.

7304. The committee is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate of five hundred million dollars (\$500,000,000), in the manner provided in this chapter. That debt or debts, liability or liabilities, shall be created for the purpose of providing the fund to be used for the object and work specified in Section 7306.

7305. The committee may determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter, and if so, the amount of bonds then to be issued and sold. The committee may authorize the Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the Treasurer.

7306. The moneys in the fund shall be used for the acquisition, construction, renovation, remodeling, and de-

ferred maintenance of state youth and adult corrections facilities.

7307. (a) All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations 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 and interest thereon.

(b) There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the state, as shall be required to pay the principal and interest on those bonds, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of that revenue to do and perform each and every act which shall be necessary to collect that additional sum.

(c) All money deposited in the fund which has been derived from premium and accrued interest on bonds sold shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

(d) All money deposited in the fund pursuant to any provision of law requiring repayments to the state which are financed by the proceeds of the bonds authorized by this chapter shall be available for transfer to the General Fund. When transferred to the General Fund that money shall be applied as a reimbursement to the General Fund on account of principal and interest on the bonds which has been paid from the General Fund.

7308. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter such an amount as will equal the following:

(a) That sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter.

(b) That sum as is necessary to carry out the provisions of Section 7309, which sum is appropriated without regard to fiscal years.

7309. For the purpose of carrying out the provisions of this chapter, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund and shall be disbursed by the committee in accordance with this chapter. Any money made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this chapter. Those withdrawals from the General Fund shall be returned to the General Fund with interest at the rate which would otherwise have been earned by those sums in the Pooled Money Investment Fund.

7310. All proceeds from the sale of bonds, except those derived from premiums and accrued interest, shall be available for the purpose provided in Section 7306 but shall not be available for transfer to the General Fund to pay principal and interest on bonds. The money in the fund may be expended only as herein provided.

7311. Money in the fund may only be expended pursuant to appropriations by the Legislature.



## Argument in Favor of Proposition 54

In the past decade, California enacted more public safety laws than in any other time in the state's history. The "Use a Gun, Go to Prison" law requires criminals convicted of using a gun in the commission of a serious felony to be sentenced to state prison. Other mandatory sentencing laws require the incarceration of those who prey on the elderly and disabled while others require prison terms for those convicted of forcible rape, commission of burglaries and other serious crimes.

These and other tough laws have resulted in more criminals being sentenced to state prisons than ever before. IN THE PAST SIX YEARS THE NUMBER OF FELONS IN OUR STATE PRISON HAS INCREASED FROM 21,000 TO MORE THAN 55,000. However, our state prisons were built to house only about 32,000 convicted felons. OUR INSTITUTIONS ARE SERIOUSLY OVERCROWDED, often placing our courageous California correctional officers and staff in great danger. PASSAGE OF THIS BOND MEASURE IS VITAL TO THE CONTINUED ISOLATION OF CONVICTED FELONS from the law-abiding public as well as to the safety of correctional officers and staff.

WE CURRENTLY HAVE THOUSANDS OF INMATES HOUSED IN TEMPORARY FACILITIES, with some living in tents. In 39 other states, the courts have issued

orders limiting the prison population. We want to avoid that in California. More than 15,000 new prison cells have either been completed or are currently being built. These bonds will make it possible to build additional facilities to meet the challenge of our prison population, which we anticipate increasing to more than 70,000 within the next five years.

**NEW PRISONS MUST BE BUILT IF WE ARE TO CONTINUE PROTECTING SOCIETY FROM CRIMINALS.** We must have the funds provided by this bond to build additional prison facilities or the courts may not allow any more felons to be confined. **THIS BOND MEASURE WILL COST LESS THAN \$2 PER YEAR FOR EACH RESIDENT OF THIS STATE. THIS IS A SMALL PRICE TO PAY TO BETTER PROTECT YOUR FAMILY AND HOME.**

If you favor increased public safety, vote yes on Proposition 54.

**GEORGE DEUKMEJIAN**  
Governor

**RICHARD ROBINSON**  
Member of the Assembly, 72nd District

**ROBERT PRESLEY**  
State Senator, 36th District

## Rebuttal to Argument in Favor of Proposition 54

IF YOU WANT CHEAPER PRISONS WHERE THE INMATES HAVE TO WORK, VOTE NO ON 54. Prop. 54 is not needed to build new prisons. NEW PRISONS WILL BE BUILT FOR LESS IF PROP. 54 IS DEFEATED. The only reason Prop. 54 is on the ballot is to *evade spending limits* that the taxpayers have placed on state bureaucrats. These limits do not count bonds, bonds which your grandchildren will have to pay for.

Financing the needed prisons from the millions available in prior prison bonds and in the General Fund reserve is a lot *cheaper* than floating another bond.

A yes vote frees prison planners to continue spending as if there is no tomorrow. For example:

*The Million-Dollar Door*

Because prison planning consultants kept changing their minds about the type of cell door to be used (should it slide or should it swing shut?), the *door design* costs at

one prison nearly reached \$1 million.

Wait till you see what they do with the toilet.

*The Nonexistent Camps*

Prison officials have spent several hundred thousand dollars *planning* ten work camps which they promised to build in 1983.

So far only one camp has materialized.

These camps (World War II-style barracks and cot beds) have taken *longer to build than the Empire State Building, the Sears Tower, and the Hoover Dam.*

(Note that prison planning consultants are paid by the hour.)

**DON'T GET CONNED BY THIS PRISON CON. VOTE NO.**

**RICHARD FLOYD**  
Member of the Assembly, 53rd District



## Argument Against Proposition 54

## WILL YOU BUY ANYTHING?

Prop. 54 is the *third* prison bond in *three* elections. Before you sign away another half billion dollars, you might want to know what you're buying.

The first prison bond went to build a prison at Tehachapi, which was the *most expensive prison ever built* in this state. At a cost of \$100,000 per cell, we could have housed these felons cheaper in condos.

The second bond went:

- for a prison at Vacaville which is more than *a year behind schedule* (it still isn't finished) and more than *30% over budget*.
- for a prison in the Mojave Desert. Out of the whole desert, the prison planners bought land *in the flight path of an Air Force Base*. This is the second site abandoned because it was too close to an air base.
- for a prison in San Diego, but the planners *forgot to obtain sewage connections*. The Department of Corrections proposed to instead use Porta Potties at a cost of \$1,000 per month per inmate just to flush the toilet. At that cost we could have put the cons up cheaper at a hotel. This oversight cost you an extra few million dollars.

If you want to send a message that this sort of waste has got to stop—JUST VOTE NO.

The California Department of Corrections is starting to resemble the Pentagon—after all, it's not their money.

Where will this new prison bond go? Into the pockets of CONSULTANTS.

The Department of Corrections is paying a consulting firm millions of dollars a year to plan the new prisons. This firm gets a percentage of each project. The bigger the project, the bigger the take.

A 1984 audit of the Corrections contract consultant found hundreds of thousands of dollars going for racquetball club dues, apartments, spouses on payroll, and other "project-related" expenses.

The Department of Corrections says that it has cleaned up its act. If you believe that, you may be interested in buying some Florida swampland.

Supporters of Prop. 54 say that without this bond no new prisons can be built to lock up criminals. That is POP-PYCOCK! Prisons *will be built* if Californians defeat this bond. We have already approved over \$1 billion in new prison funding. Defeating Prop. 54 will mean that new prisons will have to be built on a tighter budget than they are now.

The supporters of this measure plan to finance prisons through a new gimmick called "lease-purchase," regardless of what you voters decide. Lease-purchase is just a fancy way of putting the state into debt without the say-so of the public.

These new prison building schemes have become big business—monkey business. The only way to make it become the people's business again is to VOTE NO.

RICHARD E. FLOYD

Member of the Assembly, 53rd District

## Rebuttal to Argument Against Proposition 54

*The opponent's argument* contains numerous inaccurate and incorrect statements. His argument is *particularly perplexing since he voted for this measure twice* when it was debated in the Legislature.

The truth of the matter is that IF THIS BOND MEASURE DOES NOT PASS, THERE WILL BE NO MONEY available TO CONTINUE BUILDING PRISONS.

Correctional facilities are overburdened by increased commitments. From December 22, 1985, to July 1, 1986, the prison population increased by over 5,000. MORE PRISONS MUST BE BUILT IF WE ARE TO CONTINUE REMOVING VIOLENT FELONS FROM OUR STREETS.

The Department of Corrections occupied the new prison at Vacaville in less than a year from the date the prison was authorized. THE EFFORTS OF THE STATE TO BUILD NEW PRISONS HAVE BEEN PRAISED BY THE NATIONAL INSTITUTE OF JUSTICE (NIJ). In their June construction bulletin the NIJ stated, "CALIFORNIA HAS DEVELOPED ECONOMICAL BUILDING METHODS, and CORRECTIONAL OFFICIALS are now shar-

ing this technology to help others in the state REDUCE THE TIME AND COSTS REQUIRED FOR COMPLETION OF NEW JAILS AND PRISONS."

California's Auditor General found that the Corrections Department saved more than \$50 million from earlier estimates in building the San Diego prison.

Passage of this measure will provide tens of thousands of new jobs for California workers and will allow law enforcement to remove dangerous felons from our streets.

THIS BOND MEASURE WILL COST LESS THAN \$2 PER YEAR FOR EACH CITIZEN; A SMALL PRICE TO PAY FOR PUBLIC SAFETY.

IF YOU FAVOR INCREASED PUBLIC SAFETY, VOTE "YES" ON PROPOSITION 54.

DICK SIMPSON

Executive Vice President, California Taxpayers' Association

ROBERT H. KRESS

Vice President, Citizens for Law and Order

BRAD GATES

Sheriff of Orange County

President, California State Sheriffs' Association



# California Safe Drinking Water Bond Law of 1986

## Official Title and Summary Prepared by the Attorney General

**CALIFORNIA SAFE DRINKING WATER BOND LAW OF 1986.** This act provides for a bond issue of one hundred million dollars (\$100,000,000) to provide funds for improvement of domestic water systems to meet minimum drinking water standards.

## Final Vote Cast by the Legislature on AB 2668 (Proposition 55)

Assembly: Ayes 67  
Noes 5

Senate: Ayes 32  
Noes 1

## Analysis by the Legislative Analyst

### Background

Since 1960 the state has made loans and grants to help pay for local water supply systems. The state has sold general obligation bonds to raise this money. All but about \$50 million of the \$380 million authorized by previous bond acts will be spent or committed by November 1986.

The Department of Water Resources administers the safe drinking water program in cooperation with the Department of Health Services. The Department of Health Services has estimated that a total of \$500 million is needed to eliminate health hazards in 900 of the state's local water systems.

### Proposal

This measure would permit the state to sell \$100 million of general obligation bonds to make loans and grants for local water systems. General obligation bonds are backed by the state, meaning that the state will use its taxing power to assure that enough money is available to pay off the bonds. The state's General Fund would be used to pay the net principal and interest costs on these bonds. General Fund revenues are derived primarily from the state corporate and personal income taxes and the state sales tax.

The Department of Water Resources would use the money from the sale of the bonds for loans and grants to public and private water suppliers to bring drinking water quality up to state health standards. The loans and grants could be used for constructing, improving, or rehabilitating water systems to meet drinking water standards.

**Loans.** First priority for the loans would go to water suppliers whose facilities pose the most critical public health problems. The maximum loan to any water supplier would be \$5 million, unless the Legislature raises this limit. The interest rate on these loans would be one-half of the interest rate that the state pays on the bonds.

**Grants and Other Uses.** Although all of the bond money could be used for loans, part of the money could be used for other purposes, such as:

1. Up to \$25 million for *grants* to public agencies that supply water in order to make up the difference between

the cost of a project and the loan amount the agencies can repay. The maximum grant to any supplier would be \$400,000.

2. Up to \$3 million for *short-term loans* or *grants* to water suppliers to study and identify ways of improving their water systems. Up to \$1 million could be used for grants to public agencies.

3. Up to \$5 million for *administrative costs* of the Department of Water Resources and Department of Health Services. About \$3 million of these costs would be repaid from fees charged to the loan recipients.

4. Up to \$1.5 million for *legal expenses* of the Attorney General.

**Reduced Interest Rate on Other Loans.** This measure also reduces the interest rate on existing and new loans made from the 1984 Safe Drinking Water Bond Fund. Under the 1984 Bond Law, about \$50 million can be loaned at the same interest rate paid by the state on the bonds. This measure would lower the interest rate on these loans to one-half of the rate that the state pays on the bonds.

### Fiscal Effect

**Paying Off the Bonds.** For these types of bonds the state typically would make principal and interest payments over a period of up to 30 years from the state's General Fund. The average payment would be about \$8.1 million each year if the bonds were sold at an interest rate of 7.5 percent.

**Net Costs.** If all of the loans are repaid on time, the *net* state cost could average up to \$5.5 million each year for 30 years, for a total of \$165 million. This net cost would consist of (1) up to \$28.5 million for grants, administrative, and legal costs, and (2) one-half of the interest cost on the new bonds and the 1984 bonds because loans would be provided at a reduced interest rate. Over the 30 years, the total interest subsidy would be \$94.5 million for the new bonds, and \$42 million for the 1984 bonds.

**Borrowing Costs for Other Bonds.** By increasing the amount which the state borrows, this measure may cause the state and local governments to pay more under other bond programs. These costs cannot be estimated.

**State Revenues.** Purchasers of these bonds are not re-



quired to pay state income tax on the interest they earn. Therefore, if California taxpayers buy these bonds instead

of making other taxable investments, the state would collect less taxes. This loss cannot be estimated.

### Text of Proposed Law

This law proposed by Assembly Bill 2668 (Statutes of 1986, Chapter 410) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to 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. Chapter 10.7 (commencing with Section 13895) is added to Division 7 of the Water Code, to read:

#### CHAPTER 10.7. CALIFORNIA SAFE DRINKING WATER BOND LAW OF 1986

13895. This chapter shall be known and may be cited as the California Safe Drinking Water Bond Law of 1986.

13895.1. The Legislature hereby finds and declares all of the following:

(a) The State Department of Health Services has discovered toxic chemicals in 126 of California's large public drinking water systems.

(b) Many of the chemical contaminants in California's drinking water supplies are known or suspected of causing cancer, birth defects, and other serious illnesses.

(c) Following the passage of the California Safe Drinking Water Bond Law of 1984, the State Department of Health Services received 1,359 requests for eight hundred twenty-five million dollars (\$825,000,000) to improve public drinking water systems. The department has determined that an additional five hundred million dollars (\$500,000,000) is needed immediately for public water systems to correct deficiencies which pose a health hazard to enable hundreds of systems to meet minimum health standards.

(d) New monitoring programs for small public water systems are expected to identify many new toxic contamination problems. It is unlikely that these problems can be solved without financial assistance from the State of California.

13895.2. The Legislature further finds and declares that the protection of the health, safety, and welfare of the people of California requires that water supplied for domestic purposes be at all times pure, wholesome, and potable, and that it is in the interest of the people that the State of California provide technical and financial assistance to the end that the people of California are assured a safe, dependable, and potable supply of water for domestic purposes and that water is available in adequate quantity at sufficient pressure for health, cleanliness, and other domestic purposes.

13895.3. The Legislature further finds and declares that it is the intent of the Legislature to provide for the upgrading of domestic water supply systems to assure that all domestic water supplies at least meet minimum domestic water supply standards established under Chapter 7 (commencing with Section 4010) of Part 1 of Division 5 of the Health and Safety Code.

13895.4. 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) is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds au-

thorized to be issued pursuant to this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter, except that notwithstanding anything in the State General Obligation Bond Law, the bonds authorized hereunder shall bear the rates of interest, or maximum rates, as may, from time to time, be fixed by the Treasurer, with the approval of the committee, and the maximum maturity of bonds shall not exceed 50 years from the date of the bonds, or from the date of each respective series. The maturity of each respective series shall be calculated from the date of the series.

13895.5. As used in this chapter, and for purposes of this chapter as used 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), the following terms shall have the following meanings:

(a) "Committee" means the Safe Drinking Water Finance Committee created by Section 13895.6.

(b) "Department" means the Department of Water Resources.

(c) "Domestic water system" means a system for the provision to the public of piped water for human consumption, if the system has at least five service connections or regularly supplies water to at least 25 individuals. The term includes any water supply, treatment, storage, and distribution facilities under the control of the operator of the system.

(d) "Fund" means the California Safe Drinking Water Fund.

(e) "Supplier" or "supplier of water" means any person, partnership, corporation, association, or other entity or political subdivision of the state which owns or operates a domestic water system.

(f) "Federal assistance" means funds available, or which may become available, to a supplier either directly or through allocation by the state from the federal government as grants or loans for the improvement of domestic water systems.

(g) "Treatment works" means any devices or systems used in the treatment of water supplies, including necessary lands, which render water supplies pure, wholesome, and potable for domestic purpose.

(h) "Project" means proposed facilities for the construction, improvement, or rehabilitation of the domestic water system, and may include water supply, treatment works, and all or part of a water distribution system, if necessary to carry out the purpose of this chapter.

(i) "Public agency" means any city, county, city and county, district, joint powers authority, or other political subdivision of the state which owns or operates a domestic water system. For purposes of this chapter, Chapter 10.2 (commencing with Section 13810), Chapter 10.5 (commencing with Section 13850), and Chapter 10.6 (commencing with Section 13880), a political subdivision of the state may be any public agency.

13895.6. The Safe Drinking Water Finance Committee is hereby created. The committee shall consist of the Governor, the Treasurer, the Director of Finance, the Director of Water Resources, and the State Director of Health Services or their designated representatives. A majority of

Continued on page 56



## Argument in Favor of Proposition 55

Vote yes on Proposition 55, the California Safe Drinking Water Bond Law of 1986.

Ensuring safe drinking water and the public health is a fundamental responsibility of the state. Citizens have recognized this need and responsibility in the past with their overwhelming approval of water bond issues in 1976, 1980 and 1984.

Yet, despite these efforts, we still have drinking water problems. Following the passage of the California Safe Drinking Water Bond Law of 1984, the State Department of Health Services received 1,359 requests for \$825 million to improve public drinking water systems in our state. This means that significant numbers of Californians continue to drink polluted water which fails to meet public health standards as set by the Department of Health Services. The Safe Drinking Water Bond Law of 1986 will address this urgent problem.

California's economic growth as well as our quality of life depends upon the availability of safe drinking water for all of our citizens. The 1986 Safe Drinking Water Bond Law will assist communities in modernizing their water systems and meeting direct health threats by bringing their drinking water up to primary drinking water standard levels. This bond law will provide \$75 million in loans and up to \$25 million in grants to small and medium water districts for construction, improvement, and rehabilitation of public and private drinking water systems. Grants will

be made on the basis of immediate health-related problems certified by the Department of Health Services. In all cases, the community must seek federal water project funding before applying to the state for assistance.

Support for this bond law is widespread and bipartisan. It is supported by the Association of California Water Agencies, the Health Officers Association of California, the California Council for Environmental and Economic Balance, the California PTA, the California Municipal Utilities Association, and the League of Women Voters.

All but a small portion of the 1984 Safe Drinking Water Bond funds have been allocated. The Department of Health Services continues to add community water suppliers to its priority health hazard list as new sources of contamination are discovered. This effort deserves your support. While we will not fully solve California's drinking water problems with this bond law, it will help us meet our most immediate needs. The safety of our communities and the health of our children deserve no less.

Support safe drinking water for all Californians. Vote YES on Proposition 55.

**JACK O'CONNELL**

*Member of the Assembly, 35th District*

**ROBERT J. LAGOMARSINO**

*Member of Congress, 19th District*

**RICHARD KATZ**

*Member of the Assembly, 39th District*

## Rebuttal to Argument in Favor of Proposition 55

The November 1986 ballot contains a record high \$1,800,000,000 in bond measures proposed by the Legislature. They say that the taxpayers won't have to pay, but they don't tell us that there are millions of dollars in interest that will be due to bondholders.

This money must come from the pockets of taxpayers—not just those of us eligible to cast ballots in 1986, but taxpayers of many years in the future. Since our children and grandchildren do not have an opportunity to vote, we can only call these bond measures "taxation without representation," the same battle cry that led our forefathers to fight a revolution against the British Crown.

The politicians only seek bond financing of this expensive water treatment proposal because voters have limited their ability to constantly raise government spending.

Bonds are exempt from Proposition 4, passed by a 74% vote of the people in 1979, which limits the growth of state budgets. The maximum will soon be reached, and the politicians are scrambling to deceive the taxpayers while still maintaining all their government programs for special interest groups.

Don't make debtors out of our children. Vote NO on Proposition 55.

**TED BROWN**

*Libertarian candidate for U.S. Representative, 25th District*

**LAURA G. BROWN**

*Libertarian candidate for State Senator, 24th District*

**STEPHEN I. MALMBERG**

*Libertarian candidate for State Board of Equalization, 4th District*



## Argument Against Proposition 55

Proposition 55 asks for \$100 million to improve water treatment and filtering systems to allegedly protect California drinking water supplies. While pure drinking water is an admirable goal, it seems improper for all the taxpayers of California to subsidize a project that will only benefit a few communities.

We believe that the communities which have aging or defective water systems should ask for money from the users of those systems. If the people who will benefit vote to pay, then the improvements will be made. If they vote "no," then the systems will remain as they are.

An even better solution would be to sell water treatment facilities to private businesses. With profit as an in-

centive, these companies would provide the service much more efficiently and economically than the government does. It would then be logical for the owners to pass any improvement costs along to their customers. This is the most fair and equitable solution.

We urge a "NO" vote on Proposition 55.

**NORMA JEAN ALMODOVAR**

*Libertarian candidate for Lieutenant Governor*

**TED BROWN**

*Libertarian candidate for U.S. Representative, 25th District*

**LAURA G. BROWN**

*Libertarian candidate for State Senator, 24th District*

## Rebuttal to Argument Against Proposition 55

The opponents to Proposition 55 are misinformed about the California Safe Drinking Water Bond Law of 1986. Since the original Safe Drinking Water Bond Law was passed in 1976, community water districts statewide, in a majority of cases, have established a surcharge program consisting of a small fee on each monthly bill for repayment of the loans with a trust fund holding and disbursing debt service funds. Therefore, the loan program is repaid by user fees, not general local government property tax resources.

The opponents to Proposition 55 are clearly not informed about the magnitude of the problem facing our drinking water supply. Almost every day in the newspaper you read about a new source of contamination to our drinking water, especially toxic contamination. This contamination is not restricted to a certain area; the problem is statewide. The State Department of Health Services recently surveyed 2,800 large water systems in the state

for the presence of 100 chemicals. Nearly 20 percent of them had detectable levels of contaminants.

The California Safe Drinking Water Bond Law of 1986 is a program established to do precisely what government is designed to do: provide services in a timely manner which the citizenry cannot provide for themselves acting alone. With the passage of this bond measure, everyone benefits. Not only do your community water systems improve, but the general taxpayer is spared the necessity of funding health and safety costs which most surely will result from poor-quality drinking water.

**JACK O'CONNELL**

*Member of the Assembly, 35th District*

**ROBERT LAGOMARSINO**

*Member of Congress, 19th District*

**RICHARD KATZ**

*Member of the Assembly, 39th District*

**You must reregister to vote if you move.  
If you need a registration form call the  
Secretary of State at 1-800-345-VOTE  
or TDD 1-800-833-8683.**



## Higher Education Facilities Bond Act of 1986

### Official Title and Summary Prepared by the Attorney General

**HIGHER EDUCATION FACILITIES BOND ACT OF 1986.** This act provides for a bond issue of four hundred million dollars (\$400,000,000) to provide capital for construction or improvement of facilities at California's public higher education institutions, including the University of California's nine campuses, the California State University's 19 campuses, the California Community College's 106 campuses, and the California Maritime Academy, to be sold at a rate not to exceed two hundred fifty million dollars (\$250,000,000) per year.

### Final Vote Cast by the Legislature on SB 2366 (Proposition 56)

Assembly: Ayes 55  
Noes 3

Senate: Ayes 27  
Noes 2

### Analysis by the Legislative Analyst

#### Background

California's system of public higher education consists of 135 campuses serving approximately 1.6 million students. This system includes the University of California, the California State University, the California Community Colleges and the California Maritime Academy.

The *University of California* has nine campuses with a total enrollment of about 138,000 students. This system offers bachelor, master and doctoral degrees. The university is also the primary state-supported agency for research.

The *California State University* system has 19 campuses with an enrollment of about 320,000 students. The system grants bachelor and master degrees.

The *California Community Colleges* provide instruction to approximately 1.2 million students at 106 campuses operated by 70 locally governed districts throughout the state. The community colleges give associate degrees and also offer a variety of basic skill courses.

The *California Maritime Academy* provides instruction for students who seek to become licensed officers in the U.S. Merchant Marine. One of six such schools in the country, the academy has an enrollment of about 400 students.

The state funds planning, construction and alterations for buildings in the state's system of public higher education. In recent years, these funds have come from the state's tidelands oil revenue and from lease-purchase agreements.

#### Proposal

This measure authorizes the state to sell \$400 million in general obligation bonds to fund facilities for California's public higher education system. General obligation bonds are backed by the state, meaning that the state will use its taxing power to assure that enough money is available to pay off the bonds. Revenues deposited in the state's General Fund would be used to pay the principal and interest costs on the bonds. General Fund revenues are derived primarily from state corporate and personal income taxes

and the state sales tax.

The state could spend the bond money to purchase building sites and certain equipment, construct new buildings and alter existing buildings. The state also could use the money for short-term loans to the community colleges for the purchase of instructional equipment. These loans would be repaid from the state's tidelands oil revenue.

The Governor and the Legislature would decide how to spend the bond money. No more than \$150 million could be authorized per year, except in the first year \$250 million could be authorized. Loans to the community colleges would not require legislative approval.

The state's 1986 budget would spend \$242 million from this bond measure (if approved) for projects at various campuses. About \$260 million in additional money will be needed to complete these projects.

#### Fiscal Effect

**Paying Off the Bonds.** For these types of bonds the state typically would make principal and interest payments over a period of up to 20 years from the state's General Fund. The average payment would be about \$35 million each year if the bonds were sold at an interest rate of 7 percent.

**Borrowing Costs for Other Bonds.** By increasing the amount which the state borrows, this measure may cause the state and local governments to pay more under other bond programs. These costs cannot be estimated.

**State Revenues.** The people who buy these bonds are not required to pay state income tax on the interest they earn. Therefore, if California taxpayers buy these bonds instead of making taxable investments, the state would collect less taxes. This loss of revenue cannot be estimated.

**Paying Off Loans to Community Colleges.** This measure appropriates future revenue from the state's tidelands oil to replace any bond money lent to the community colleges. The amount required for this purpose would depend on the amount of money lent to the community colleges.



## Text of Proposed Law

This law proposed by Senate Bill 2366 (Statutes of 1986, Chapter 424) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law expressly adds sections to the Education Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED LAW

SEC. 2. Chapter 14.5 (commencing with Section 67350) is added to Part 40 of the Education Code, to read:

#### CHAPTER 14.5. HIGHER EDUCATION FACILITIES BOND ACT OF 1986

67350. This chapter shall be known and may be cited as the Higher Education Facilities Bond Act of 1986.

67351. 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) is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are hereby incorporated in this chapter as though set out in full in this chapter. All references in this chapter to "herein" shall be deemed to refer both to this chapter and that law.

67352. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "Board" means the State Public Works Board.

(b) "Committee" means the Higher Education Facilities Finance Committee, created pursuant to Section 67353.

(c) "Fund" means the Higher Education Capital Outlay Bond Fund, created pursuant to subdivision (e) of Section 67354.

67353. The Higher Education Facilities Finance Committee is hereby created, consisting of the Governor, the Controller, the Treasurer, the Director of Finance, the President of the University of California, the Chancellor of the California State University, and the Chancellor of the California Community Colleges, or their designees. The Treasurer shall serve as chairperson of the committee.

67354. (a) For the purpose of funding aid to the University of California, the California State University, the California Community Colleges, and the California Maritime Academy for the construction, including the construction of buildings and the acquisition of related fixtures, renovation, and reconstruction of facilities, for the acquisition of sites upon which these facilities are to be constructed, for the equipping of new, renovated, or reconstructed facilities, which equipment shall have a useful life of at least 10 years, to provide funds for payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings, and to provide funds to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code, the committee shall be and is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of four hundred million dollars (\$400,000,000) in the manner provided in this chapter, but not in excess thereof.

(b) The committee shall authorize the issuance of bonds under this chapter only to the extent necessary to

fund the apportionments that are expressly authorized by the Legislature in the annual Budget Act. Pursuant to that legislative direction, the committee shall determine when the bonds authorized under this chapter shall be issued in order to fund the authorized apportionments, and the amount of the bonds to be issued and sold.

(c) Up to two hundred fifty million dollars (\$250,000,000) shall be available for apportionment in the 1986-87 fiscal year, and up to one hundred fifty million dollars (\$150,000,000) shall be available for apportionment for the 1987-88 fiscal year, and in each subsequent fiscal year, except that the maximum aggregate debt or liability amount set forth in subdivision (a) shall not be exceeded.

(d) Pursuant to this section, the Treasurer shall sell the bonds authorized by the committee at such different times as necessary to service expenditures required by the apportionments.

(e) The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the Higher Education Capital Outlay Bond Fund, which is hereby created in the State Treasury.

67354.5. The proceeds of the bonds may also be used to provide short-term loans to community colleges for the purchase of instructional equipment. Those loans shall be repaid from the first moneys available in the Capital Outlay Fund for Public Higher Education beginning in the 1987-88 fiscal year.

67355. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations 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 and interest thereof.

There shall be collected annually in the same manner and at the same time as other state revenue is collected a sum, in addition to the ordinary revenues of the state, as is required to pay the principal and interest on the bonds as herein provided, and it is hereby made 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 which is necessary to collect the additional sum.

67356. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter, an amount that will equal the following:

(a) The sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter, as the principal and interest become due and payable.

(b) The sum as is necessary to carry out Section 67357, which sum is appropriated without regard to fiscal years.

67357. For the purposes of carrying out the provisions of this chapter, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund to be allocated by the board in accordance with this chapter. Any moneys made available under this section to the board shall be returned by the board to the General Fund, together with interest in the amount that those moneys would have earned in the Pooled Money Investment Account, which repayment shall be made from moneys received from the sale of bonds sold for the purpose of carrying out this chapter.



## Argument in Favor of Proposition 56

California has established one of the most respected systems of higher education in the world. The University of California, the California State University, and the California Community Colleges have combined to produce a system that guarantees every high school graduate an opportunity to pursue a college education. These colleges and universities, with 135 campuses that enroll over 1.5 million students, prepare individuals for leadership positions in a wide variety of careers that contribute to California's growth and prosperity, including teachers, doctors, business leaders, research scientists, industrialists and agricultural specialists.

The construction of facilities at our colleges and universities has not kept pace with the demands of recent times. Until recently, the state's total funding for higher education construction steadily declined, leaving our campuses with an enormous backlog of projects urgently needed to maintain the quality of California's higher education programs.

Proposition 56 would provide \$400 million, over two years, to construct projects urgently needed to:

*Accommodate increases in student enrollments.*

New and renovated classrooms, libraries, and laboratories are needed on our campuses in order to keep pace with population growth. Without a carefully planned and cost-effective expansion, our colleges and universities will be hopelessly overcrowded.

*Upgrade for earthquake, health and safety requirements.* Older buildings on our campuses were constructed before new methods for making buildings safer in the event of earthquakes or fires were available. Renovation and replacement projects are needed to bring these facilities into compliance with new earthquake, fire, and other safety regulations.

*Adapt to new technology.* Rapid technological

development, a direct result of our successful higher education system, has increased the need for new and renovated facilities. State-of-the-art instructional and research laboratories are essential to adequately train the teachers, scientists, doctors, and engineers who will attract industry and jobs to the state as well as improve the quality of life for every Californian.

All of the construction projects which will be funded from this bond measure in the coming year have already been reviewed and approved by the Governor and the State Legislature. In past years, public higher education institutions have depended on income from state-owned oil fields to pay for needed construction projects. The decline in oil prices, which has benefited consumers, has at the same time sharply reduced the amount of money available for higher education facility needs. Recognizing this problem, the Governor and the Legislature authorized this bond issue as an alternative way of financing needed improvements at the state's colleges and universities.

Proposition 56 will maintain and enhance the quality of California's public colleges and universities by providing funds needed to modernize teaching and research facilities, improve health and safety and help ensure adequate space for increasing numbers of future students. Funding these needed projects depends on the passage of the Higher Education Facilities Bond Act of 1986 now before you.

**WE URGE YOU TO VOTE YES ON PROPOSITION 56.**

**GARY K. HART**

*State Senator, 18th District*

*Chairman, Senate Education Committee*

**GEORGE DEUKMEJIAN**

*Governor, State of California*

**DAVID P. GARDNER**

*President, University of California*

## Rebuttal to Argument in Favor of Proposition 56

• Proponents of Proposition 56 claim that their facilities have not kept pace with demands of recent times. Yet they also claim that California has established one of the most respected systems of higher education in the world. **WHICH IS TRUE?**

• Unlike K-12, college education is **VOLUNTARY** and **NOT** required by the state... thus demanding different criteria for funding.

• Funding has increased substantially in our recent budgets for higher education, yet the institutions did not spend their funds on building these "needed facilities."

• Freshmen enrollments in California's higher education have **DROPPED** generally since 1974 according to the most recent data published by the State College Board in 1984.

• *Educational facilities* have always been built according to state-of-the-art methods and have withstood California's earthquakes.

• *New technology*, research laboratories and classroom renovations are *always* needed but should be obtained at a pace payable **WITHOUT GOING INTO DEBT**.

• Even with a welcomed decrease in oil prices, State General Fund budgets have grown from \$26 billion three years ago to \$37 billion this year. The highest ever.

• If this \$400-million item, **WHICH WILL COST TAXPAYERS OVER \$1 billion TO REPAY**, is so urgent right now, then the Legislature and the Governor should provide for it out of the regular budget.

• These bonds are a **BAD BUSINESS DEAL** for all taxpayers—and for 20 years of repayment!

• **Vote NO on Proposition 56.**

**NOLAN FRIZZELLE, O.D.**

*Member of the Assembly, 69th District*

**DON SEBASTIANI**

*Member of the Assembly, 8th District*



## Argument Against Proposition 56

• **ASK YOURSELF:** Would studies run by those who want your money ever come back with an answer showing that they didn't need it?

• **WHO MADE THE STUDIES THAT CAUSED THE DEMAND FOR THESE BONDS?** The University of California, the State University and Colleges and the Community College Systems.

They created the "wish list" that became this "desperate" demand for \$400 million, and the amount is considered by them to be only the *down payment* for construction and equipment for 2 years.

• However, this bond proposal costs \$1 billion (\$1,000 million) to you the taxpayers over the 20-year payback period in principal and interest.

\$400 million to the universities — \$1 billion debt payback.

Does that make good sense?

Consider also that the bond payments each year have to be added to what has to be paid in order to solve each year's new "desperate needs."

• **THIS** bond issue addresses *only* costs of construction and equipment or reconstruction and it commits 400 million tax dollars above those already generous increases furnished by the Legislature in the budget.

Solutions and funding for other higher education problems are *not* a part.

• Do new buildings guarantee a better education? Is this the best way to improve the performance of students or teachers?

Be advised that *dollars* used for bond repayment of principal and interest out of each yearly budget **WILL NOT BE AVAILABLE FOR SALARY INCREASES.**

This measure requires that equipment purchased with the bond money has to last for *10 years*, but you will be paying for it for *20 years*.

• When the state's universities and colleges can come to the taxpayers whenever they want to expand or create a more grandiose image they have very little reason to think they must manage their regular budgets and personnel efficiently.

• Private universities must compete for students with the state universities. When the state system gets regular infusions of public tax dollars such as from these bonds, the private universities must increase their fees to their students by similar amounts to provide competitive facilities.

• Of all the levels of education the higher levels should feel most obligated to teach their students what we all have to learn—namely to live within our means. In every case any debt ought to be payable out of predictable revenues. Just as we can't *spend* our way out of a debt as individuals, we can't do it as a state. We can't avoid serious debt by spending this \$400 million above our state income.

• Summarizing: We say that truly needed costs for construction should be budgeted each year out of the available revenues on a priority basis decided by the Legislature. This is what we call the budgeting process, and the Legislature has spent far more this year than ever before on higher education. It is enough, without the debt of these bonds, until next year.

• **Vote NO** on this miserable bond proposition.

**NOLAN FRIZZELLE, O.D.**

*Member of the Assembly, 69th District*

**DON SEBASTIANI**

*Member of the Assembly, 8th District*

## Rebuttal to Argument Against Proposition 56

The opponents' argument against Proposition 56 ignores the critical construction needs of California's colleges and universities, and the benefits they provide to our economy and all Californians. Proposition 56 will help our colleges and universities:

- Keep pace with increasing student enrollments.
- Renovate existing buildings, build new classrooms and libraries.
- Modernize laboratories to keep up to date with scientific development.
- Make critical earthquake, health and safety improvements.

The projects to be financed by Proposition 56 were developed after careful planning and study by not just the universities, but also the Governor and the Legislature. Bond funds will be used to construct buildings which will last well into the 21st century, long after the bonds are repaid.

Bond funds are commonly used by government and private industry to finance long-term construction needs. Bond financing is particularly sensible given the low inter-

est rates currently available. California voters have repeatedly approved bond issues over the years for high-priority long-term state needs. At the same time, California's level of indebtedness is *well below average* when compared to other states. To argue that the state should not use bonds to finance long-term construction projects is like saying that individuals should not use mortgages to finance their homes.

Proposition 56 will not diminish California's financial stability. It will fund urgently needed improvements to our college campuses and maintain the quality of California's higher education programs.

**VOTE YES ON PROPOSITION 56.**

**GARY K. HART**

*State Senator, 18th District*

*Chairman, Senate Education Committee*

**DAVID P. GARDNER**

*President, University of California*

**W. ANN REYNOLDS**

*Chancellor, California State University*



## Retirement Benefits for Nonjudicial and Nonlegislative Elected State Constitutional Officers

### Official Title and Summary Prepared by the Attorney General

**RETIREMENT BENEFITS FOR NONJUDICIAL AND NONLEGISLATIVE ELECTED STATE CONSTITUTIONAL OFFICERS. LEGISLATIVE CONSTITUTIONAL AMENDMENT.** Presently retirement benefits for nonjudicial and nonlegislative elected state constitutional officers are governed by statute and differ depending upon the dates such officers held office. For those who took office prior to October 7, 1974, their retirement benefits have been increased as the compensation paid their successors has increased. This measure amends the Constitution to preclude the retirement benefits of any nonlegislative or nonjudicial elected state constitutional officers from increasing or being affected by changes in compensation payable to their successors on or after November 5, 1986. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: This measure would reduce the future retirement benefits of fewer than 20 people, resulting in annual state savings of about \$400,000. The state would realize savings because these retirement benefits would not be adjusted for increases in the salaries of state elected officials due to take effect in January 1987 and in future years.

### Final Vote Cast by the Legislature on SCA 32 (Proposition 57)

Assembly: Ayes 74  
Noes 0

Senate: Ayes 38  
Noes 0

### Analysis by the Legislative Analyst

#### Background

The seven statewide elected officials (such as the Governor and the State Treasurer) and the four elected members of the Board of Equalization receive pension benefits through a state retirement system. Persons serving in these 11 offices receive initial retirement benefits, up to a maximum of 60 percent of salary, based on the number of years they serve in office.

For officials taking office *on or after* October 7, 1974, retirement benefits are based on their *highest salary while in office*. These benefits increase each year at the rate of inflation. Thus, if prices go up by 5 percent in any one year, retirement benefits increase by 5 percent in the following year.

For officials who took office *prior to* October 7, 1974, however, benefits are based on the *current salary of the office from which the official retired*. These benefits also increase each year by the rate of inflation in the prior year. As a result, these retired persons receive two adjustments

to their benefits: (1) a direct, annual cost-of-living adjustment, and (2) an indirect adjustment when the salaries of the 11 state officials are increased.

#### Proposal

This constitutional amendment eliminates the connection between future increases in the salaries of the persons serving in the 11 state offices and the retirement benefits of those officials who took office prior to October 7, 1974. Thus, beginning November 5, 1986, these retired officials (or their beneficiaries) would receive *only one* adjustment—an annual cost-of-living increase.

#### Fiscal Effect

This measure would reduce the future retirement benefits of fewer than 20 people, resulting in annual state savings of about \$400,000. The state would realize savings because these retirement benefits would not be adjusted for increases in the salaries of state elected officials due to take effect in January 1987 and in future years.

If you need an absentee ballot call your county clerk or registrar of voters for an application.



### Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 32 (Statutes of 1986, Resolution Chapter 57) expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

#### PROPOSED AMENDMENT TO ARTICLE III

Sec. 7. (a) *The retirement allowance for any person, all of whose credited service in the Legislators' Retirement System was rendered or was deemed to have been rendered as an elective officer of the state whose office is provided for by the California Constitution, other than a judge and other than a Member of the Senate or Assembly, and all or any part of whose retirement allowance is calculated on the basis of the compensation payable to the officer holding the office which the member last held prior to retirement, or for the survivor or beneficiary of such a person, shall not be increased or affected in any manner by changes on or after November 5, 1986, in the compensation payable to the officer holding the office which the member last held prior to retirement.*

(b) *This section shall apply to any person, survivor, or beneficiary described in subdivision (a) who receives, or is receiving, from the Legislators' Retirement System a retirement allowance on or after November 5, 1986, all or any part of which allowance is calculated on the basis of the compensation payable to the officer holding the office which the member last held prior to retirement.*

(c) *It is the intent of the people, in adopting this section, to restrict retirement allowances to amounts reasonably to be expected by certain members and retired members of the Legislators' Retirement System and to preserve the basic character of earned retirement benefits while prohibiting windfalls and unforeseen advantages which have no relation to the real theory and objective of a sound retirement system. It is not the intent of this section to deny any member, retired member, survivor, or beneficiary a reasonable retirement allowance. Thus, this section shall not be construed as a repudiation of a debt nor the impairment of a contract for a substantial and reasonable retirement allowance from the Legislators' Retirement System.*

(d) *The people and the Legislature hereby find and declare that the dramatic increase in the retirement allowances of persons described in subdivision (a) which would otherwise result when the compensation for those offices increases on November 5, 1986, or January 5, 1987, are not benefits which could have reasonably been expected. The people and the Legislature further find and declare that the Legislature did not intend to provide in its scheme of compensation for those offices such windfall benefits.*



## Retirement Benefits for Nonjudicial and Nonlegislative Elected State Constitutional Officers

### Argument in Favor of Proposition 57

One of our public pension systems needs some delicate surgery.

The voters of this state must perform this operation *NOW*—in order to prevent millions of taxpayer dollars from being wasted on the pension benefits of a handful of former state officials.

Proposition 57 gives *YOU*—the voters—an opportunity to do the job properly.

Proposition 57 will correct a significant legal problem that involves a very small number of cases. Because of the combined effects of an outdated law, an old court decision and a new law that takes effect next January 1st, 16 former constitutional officers could receive huge, undeserved increases in their pensions.

If these unwarranted increases are allowed to take effect, the pensions of this favored group will be several times larger than the salaries they earned in office.

**PROPOSITION 57 WOULD STOP SCANDALOUS PENSION INCREASES!**

Current law provides that when the salaries of our con-

stitutional officers (such as the Governor and the Attorney General) are increased, the pensions of 16 *retired* constitutional officers are increased in a similar manner.

Proposition 57 would break this link between salaries of our current state officials and the pensions of retired officials!

**AS VOTERS, YOU CAN AFFECT THE SIZE OF THESE PENSIONS!**

Proposition 57 must be approved *NOW* to stop these retired officials from receiving outrageous increases in their pensions come January 1st!

Like the scalpel of a skilled surgeon, Proposition 57 goes right to the source of the problem and eliminates it.

**WADIE P. DEDDEH**  
State Senator, 40th District  
Author of proposition

**LEO T. MCCARTHY**  
Lieutenant Governor

**ERNEST DRONENBURG**  
Member, State Board of Equalization, 3rd District

### Rebuttal to Argument in Favor of Proposition 57

Would Proposition 57 truly "stop scandalous pension increases"?

Voters should examine this measure closely.

*First*, Proposition 57 only applies to "state constitutional officers" who never served in the Legislature as members of the Assembly or State Senate.

*Second*, Proposition 57 only limits pension increases based on increases "in the compensation payable to the officer holding the office which the [retiree] last held prior to retirement."

Even if Proposition 57 passes, the Legislature would be free to increase retirement benefits on any basis *other than* the compensation payable to current officeholders. Proposition 57 does not guarantee any real limitation on pension increases.

*Third*, it may be too late to take away the exorbitant pensions the Legislature has promised former and current constitutional officers. Any person who has served as Gov-

ernor, Attorney General or other constitutional officer may have a "vested" right to promised increases based on the salaries of later officeholders.

The reason is that retirement benefits are considered part of a person's employment contract. Under the *United States Constitution (Article I, Section 10)*, a state may not pass any laws "impairing the obligation of contracts."

As a result, the courts would be forced to hold that Proposition 57 could not deprive retirees of pension increases promised while they were in office by an overly generous or wasteful Legislature.

Certain politicians would then blame the courts!

The only way to "stop scandalous pension increases" for former officeholders may be to stop large salary increases for current officeholders.

**GARY B. WESLEY**  
Attorney at Law

Voting. Your response-  
your ability.

Will Courtenay, San Francisco



# Retirement Benefits for Nonjudicial and Nonlegislative Elected State Constitutional Officers

57

## Argument Against Proposition 57

This measure is a proposal by the Legislature to place in our State Constitution a limit on the retirement benefits payable to "state constitutional officers" (i.e., the Governor, Lieutenant Governor, Attorney General, Secretary of State, Controller, Superintendent of Public Instruction and Treasurer).

The trouble with the proposal is that the only limit would be that retirement benefits "shall not be increased or affected in any manner by changes on or after November 5, 1986, in the compensation payable to the officer holding the office which the member last held prior to retirement."

The windfall retirement benefits already being received by former officeholders would continue to flow from the government treasury, and the Legislature would retain the authority to increase these retirement benefits on any basis other than the compensation payable to

subsequent officeholders.

In addition, this measure would not place ANY limit on the retirement benefits payable to a person "whose credited service in the Legislators' Retirement System" is not restricted to service as a constitutional officer. Governor Deukmejian, for example, who served as a State Senator before becoming Attorney General and then Governor, would evidently be unaffected by the limit imposed by this measure, and his retirement benefits as a former Attorney General and Governor could continue to soar based on later increases in compensation to subsequent officeholders.

This measure does not go far enough. For this reason, I respectfully recommend a "no" vote.

GARY B. WESLEY  
Attorney at Law

## Rebuttal to Argument Against Proposition 57

Mr. Wesley says Proposition 57 does not go far enough. He is completely WRONG!

Proposition 57 goes as far as legally possible to limit the outrageous pensions received by a select few.

First, Mr. Wesley states that Proposition 57 would not reduce the retirement benefits now being received by a handful of former constitutional officers. If it were possible to roll back the pensions of these 16 retirees, the Legislature would have done it.

Legal opinion is unanimous: once a pension benefit is paid to a retiree, it cannot be stopped. This is an excellent reason to vote FOR Proposition 57: if the pensions of these 16 former constitutional officers are allowed to skyrocket as scheduled on January 1, 1987, there will be no chance to reduce them ever again.

YOU—the voters—must approve Proposition 57 NOW to keep these pensions from going any higher!

Second, Mr. Wesley writes that Proposition 57 does not

limit pensions earned by retirees who served in other elected offices before becoming constitutional officers. Again, Mr. Wesley is absolutely WRONG. A great deal of care was taken to make sure that Proposition 57 would limit the future benefits of each and every one of the 16 former officials who receive these unconscionable pensions.

Not a single "NO" vote was cast on Proposition 57 as it moved through the Legislature!

THERE ARE NO LOOPHOLES IN PROPOSITION 57!  
VOTE YES ON PROPOSITION 57!

WADIE P. DEDDEH  
State Senator, 40th District

DAN MCCORQUODALE  
State Senator, 12th District

ERNEST DRONENBURG  
Member, State Board of Equalization, 3rd District

Here's voting for you, California!

Ray Van Diest, Redding



## Official Title and Summary Prepared by the Attorney General

**TAXATION. FAMILY TRANSFERS. LEGISLATIVE CONSTITUTIONAL AMENDMENT.** State Constitution Article XIII A, enacted as Proposition 13 in 1978, with certain exceptions, places a limitation on real property taxes equal to 1 percent of its full cash value listed on the 1975-1976 tax bill. Property may be reassessed on "purchase" or other "change of ownership." This measure amends Article XIII A to provide the terms "purchase" and "change of ownership" do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other real property between parents and children. Summary of Legislative Analyst's estimate of state and local fiscal impact: Measure would reduce local property tax revenues. Cities, counties, and special districts would lose an estimated \$17 million in 1987-88, \$37 million in 1988-89, and increasing amounts in future years. Remaining losses would be to school and community college districts. Increased state aid from the State General Fund would offset these losses, resulting in an estimated loss to the General Fund of \$11 million in 1987-88, \$23 million in 1988-89, and increasing amounts in future years.

## Final Vote Cast by the Legislature on ACA 2 (Proposition 58)

Assembly: Ayes 74  
Noes 0

Senate: Ayes 34  
Noes 0

## Analysis by the Legislative Analyst

## Background

Under the California Constitution, real property (such as land and buildings), is taxed on the basis of its assessed value. This value is the property's 1975-76 assessed value, or its market value when "purchased, newly constructed, or a change of ownership has occurred after the 1975 assessment." The assessed value may increase at a later date to reflect the value of improvements made by the owner. Otherwise, the assessed value may increase to reflect inflation, but by no more than 2 percent each year. Generally, the assessed value of real property is considerably less than its current market value.

The Legislature has passed statutes that define certain transfers of real property as not constituting a "change of ownership." As a result, in these cases, reassessment of the property to reflect its market value is prohibited. These include transfers between spouses, and transfers of eligible dwelling units between parents and children under *limited circumstances*. These include:

- transfers of a dwelling unit from a parent or legal guardian to a minor child, or between minor siblings, as a result of a court order related to the death of the parent;
- transfers of a dwelling unit from a parent or legal guardian to a disabled child following the death of the parent.

## Proposal

This constitutional amendment would broaden the circumstances under which reassessment is not required in cases involving the transfer of real property between parents and children. In addition, the measure would place the existing statutory treatment of property transfers between spouses into the Constitution. Thus, the measure

prohibits the reassessment of property to reflect its market value under additional circumstances.

In the case of transfers between parents and their children, the measure applies to transfers of the principal residence, regardless of value, and to a limited amount of all other real property. This limit is the first \$1,000,000 of assessed value, regardless of the number of properties transferred. Property transferred after the \$1,000,000 assessed value ceiling is reached would be subject to reassessment. The measure provides for the Legislature to define its terms, and these definitions would affect the scope of the measure.

The measure would apply only to transfers of property between parents and children which occur after the measure becomes effective.

## Fiscal Effect

The provisions preventing the reassessment of real property transferred between spouses, and between parents and their children under the limited circumstances provided for by existing law, would have no fiscal effect. This is because existing statutory law prevents reassessment in these cases.

The provisions which prevent reassessment of property transferred between parents and their children under circumstances not covered by existing law, however, would reduce local property tax revenues. The scope of the revenue losses would depend on actions taken by the Legislature in defining the terms used in the measure. If these terms were defined broadly, revenues would fall by an estimated \$28 million in 1987-88, \$60 million in 1988-89, and increasing amounts in subsequent years. Of these amounts, cities, counties and special districts would lose \$17 million in 1987-88, \$37 million in 1988-89, and increasing amounts in each subsequent year.



The remainder of the losses would affect school districts and community college districts. Under existing law, higher state aid would offset these losses. We estimate that the

State General Fund cost for the increased aid would amount to \$11 million in 1987-88, \$23 million in 1988-89, and increasing amounts in each subsequent year.

### Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 2 (Statutes of 1986, Resolution Chapter 61) 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 AMENDMENT TO ARTICLE XIII A, SECTION 2

(g) *For purposes of subdivision (a), the terms "purchased" and "change in ownership" shall not include the purchase or transfer of real property between spouses since March 1, 1975, including, but not limited to, all of the following:*

(1) *Transfers to a trustee for the beneficial use of a spouse, or the surviving spouse of a deceased transferor, or by a trustee of such a trust to the spouse of the trustor.*

(2) *Transfers to a spouse which take effect upon the death of a spouse.*

(3) *Transfers to a spouse or former spouse in connection with a property settlement agreement or decree of dissolution of a marriage or legal separation.*

(4) *The creation, transfer, or termination, solely between spouses, of any coowner's interest.*

(5) *The distribution of a legal entity's property to a spouse or former spouse in exchange for the interest of the spouse in the legal entity in connection with a property settlement agreement or a decree of dissolution of a marriage or legal separation.*

(h) *For purposes of subdivision (a), the terms "purchased" and "change of ownership" shall not include the purchase or transfer of the principal residence of the transferor in the case of a purchase or transfer between parents and their children, as defined by the Legislature, and the purchase or transfer of the first \$1,000,000 of the full cash value of all other real property between parents and their children, as defined by the Legislature. This subdivision shall apply to both voluntary transfers and transfers resulting from a court order or judicial decree.*

(i) *Unless specifically provided otherwise, amendments to this section shall be effective for change of ownerships which occur, and new construction which is completed, after the effective date of the amendment.*

**You're the ruler! Make the system measure up! Vote!**

Richard Harris, Davis



## Arguments in Favor of Proposition 58

It's time to fix another mistake made in Proposition 13.

Proposition 58 will *exempt* most transfers of property between parents and children from property tax reappraisals which are required by Proposition 13. The principal residence of the transferee and up to \$1 million of other property may be transferred without reappraisal.

The strength of our society rests in the family. This is a special relationship that is recognized in all other areas of the tax code.

Many parents have aided their children in obtaining their first homes. In doing so, title is often in the name of the parent. When title is transferred, there is a reappraisal under current law, even though the occupants of the property remain the same.

Proposition 58 would correct this problem and exempt such transactions from reappraisal. Inherited property passing from parents to children (or vice versa) would also be exempt, up to the limit provided in the bill.

Many family businesses and farms are jeopardized by reappraisals caused by the death of the parents. These reappraisals often increase property taxes so much that a viable business becomes uneconomic.

A yes vote on Proposition 58 will protect property transfers within the family.

THOMAS M. HANNIGAN

*Member of the Assembly, 4th District*

LEO T. MCCARTHY

*Lieutenant Governor*

In addition to the exemption from reappraisal of transfers between parents and their children, there is another very important feature of Proposition 58.

Proposition 58 makes sure that when property is transferred between husbands and wives, property taxes won't go up.

This protection against reappraisal of property transferred between spouses is currently in law.

There are two reasons to provide constitutional protection for transfers of property between spouses to prevent tax increases resulting from reappraisal:

(1) Some attorneys have argued that the statutory protection is unconstitutional.

(2) Constitutional protection is more secure as it can only be changed by another vote of the people.

Please vote yes on Proposition 58.

LUCY KILLEA

*Member of the Assembly, 78th District*

## Rebuttal to Arguments in Favor of Proposition 58

Proponents contend it's unfair to reassess property and impose higher property taxes upon family members who have received homes and other real estate often FOR ABSOLUTELY NOTHING as a gift or through inheritance.

Fine. But what about the millions of Californians who must use *their own life savings* and *most of their own monthly income* to BUY a home in today's inflated real estate market?

Why should these first-time home buyers and families forced to move for economic reasons (such as job layoffs and transfers) be additionally burdened with property taxes 3-4 times higher than their residential neighbors and owners of commercial and industrial property purchased at lower prices years ago?

Why should renters face *rent increases* due, in part, to higher property taxes imposed on the landlord each time

property changes hands?

The Legislature and Governor should stop tinkering with Proposition 13 and offer voters a comprehensive amendment which eliminates all of these inequities.

Here are some possibilities:

(1) Equalize the assessed value of all property at the 1975 levels established for some owners under Proposition 13. Homes built since 1975, for example, would be taxed at a level reflective of the area's lower property values in 1975.

(2) Periodically reassess all property *but* provide for an automatic reduction in the tax *rate* so that government does not get more money just because overall property values go up.

GARY B. WESLEY

*Attorney at Law*



**Argument Against Proposition 58**

This measure is a proposal by the Legislature to amend Proposition 13, a constitutional limitation on property taxes approved by voters in 1978.

Under Proposition 13 (now Article XIII A of the California Constitution), assessed property values generally are frozen at their 1975 levels; however, property is reassessed and higher property taxes are imposed each time the property is "*purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.*"

As a result of this reassessment each time property changes hands, new owners are required to pay far more in property taxes than do their neighbors whose property has the same value but was purchased earlier when property values were lower.

In addition, this automatic reassessment provision has caused a gradual but massive shift of the overall property tax burden *from* owners of commercial and industrial property (which is often leased but seldom sold) *to* owners (and renters) of residential property.

Instead of offering voters an amendment to Proposition 13 which would correct these inequities, the Legislature proposes in this measure to retain the basic flaw but exempt a relatively small number of persons from the unfair tax burden the automatic reassessment provision places

upon new owners and renters of residential property.

Specifically, this measure provides that property "purchased" or otherwise transferred "between spouses since March 1, 1975," would not be subject to reassessment and higher property taxes. This measure also provides that property "purchased" or otherwise transferred "between parents and their children" ("after the effective date of the amendment" following this election) would not be subject to reassessment and higher property taxes.

Surely, it is unfair to reassess property which changes hands within a family—especially when a spouse or parent has died. However, it is even more unfair to require persons who must *pay* the sky-high current price for a home in California to suffer the additional penalty of paying sky-high property taxes imposed following reassessment.

A "no" vote on this measure may send a message to the Legislature (and Governor) that voters want to be offered a comprehensive amendment to Proposition 13 which would eliminate the unfairness to all new owners and renters created by the automatic reassessment provision.

For this reason, I respectfully recommend a "no" vote on this measure.

GARY B. WESLEY  
*Attorney at Law*

**Rebuttal to Argument Against Proposition 58**

Mr. Wesley does not question the fairness of Proposition 58. What he is suggesting is that Proposition 58 be held hostage to some future unspecified reform of Proposition 13. This is not fair to California families who will pay higher taxes on property transferred between parents and children while they wait for Mr. Wesley to develop his plan

for a comprehensive reform of Proposition 13.

Tax relief provided by Proposition 58 is needed now. Please vote yes on Proposition 58.

THOMAS M. HANNIGAN  
*Member of the Assembly, 4th District*

**Your direct line to the Capitol—your vote.**

Linda Bunch and Sally Burgan, San Diego



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**Official Title and Summary Prepared by the Attorney General**

**ELECTED DISTRICT ATTORNEY. LEGISLATIVE CONSTITUTIONAL AMENDMENT.** Presently the State Constitution does not provide for elected district attorneys. State statutory law provides for elected district attorneys but provides that office may be made appointive office by local popular vote. This measure amends the Constitution to require the Legislature provide for an elected district attorney in all counties. Summary of Legislative Analyst's estimate of state and local government fiscal impact: This measure would have no direct state or local fiscal effect.

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**Final Vote Cast by the Legislature on SCA 26 (Proposition 59)**

Assembly: Ayes 68  
              Noes 2

Senate: Ayes 37  
              Noes 0

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**Analysis by the Legislative Analyst****Background**

The office of district attorney in all of the state's 58 counties is filled by election. This could be changed to an appointive office with the approval of the voters.

**Proposal**

This constitutional amendment requires the office of the district attorney to be filled by election in all counties.

**Fiscal Effect**

This measure would have no direct state or local fiscal effect.

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**Celebrate your freedom . . . Vote**

Dayna Carr, Fremont



## Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 26 (Statutes of 1986, Resolution Chapter 66) expressly amends the Constitution by amending sections thereof; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED AMENDMENT TO ARTICLE XI, SECTIONS 1 AND 4

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

SEC. 1. (a) The State is divided into counties which are legal subdivisions of the State. The Legislature shall prescribe uniform procedure for county formation, consolidation, and boundary change. Formation or consolidation requires approval by a majority of electors voting on the question in each affected county. A boundary change requires approval by the governing body of each affected county. No county seat shall be removed unless two-thirds of the qualified electors of the county, voting on the proposition at a general election, shall vote in favor of such removal. A proposition of removal shall not be submitted in the same county more than once in four years.

(b) The Legislature shall provide for county powers, an elected county sheriff, *an elected district attorney*, and an elected governing body in each county. Except as provided in subdivision (b) of Section 4 of this article, each governing body shall prescribe by ordinance the compensation of its members, but the ordinance prescribing such compensation shall be subject to referendum. The Legislature or the governing body may provide for other officers whose compensation shall be prescribed by the governing body. The governing body shall provide for the number, compensation, tenure, and appointment of employees.

Second—That Section 4 of Article XI thereof is amended to read:

SEC. 4. County charters shall provide for:

(a) A governing body of 5 or more members, elected (1) by district or, (2) at large, or (3) at large, with a requirement that they reside in a district. Charter counties are subject to statutes that relate to apportioning population of governing body districts.

(b) The compensation, terms, and removal of members of the governing body. If a county charter provides for the Legislature to prescribe the salary of the governing body, such compensation shall be prescribed by the governing body by ordinance.

(c) An elected sheriff, *an elected district attorney*, other officers, their election or appointment, compensation, terms and removal.

(d) The performance of functions required by statute.

(e) The powers and duties of governing bodies and all other county officers, and for consolidation and segregation of county officers, and for the manner of filling all vacancies occurring therein.

(f) The fixing and regulation by governing bodies, by ordinance, of the appointment and number of assistants, deputies, clerks, attachés, and other persons to be employed, and for the prescribing and regulating by such bodies of the powers, duties, qualifications, and compensation of such persons, the times at which, and terms for which they shall be appointed, and the manner of their appointment and removal.

(g) Whenever any county has framed and adopted a charter, and the same shall have been approved by the Legislature as herein provided, the general laws adopted by the Legislature in pursuance of Section 1(b) of this article, shall, as to such county, be superseded by said charter as to matters for which, under this section it is competent to make provision in such charter, and for which provision is made therein, except as herein otherwise expressly provided.

(h) Charter counties shall have all the powers that are provided by this Constitution or by statute for counties.

Counties fifty-eight. Vote: cooperate.

Donald Way, Los Angeles



## Argument in Favor of Proposition 59

County district attorneys are important and powerful public officials. They are integral parts of both the law enforcement and criminal justice systems. They hold considerable discretion over the prosecution of criminals and the enforcement of state laws and local ordinances. As such, they must be held accountable, not by some political appointing power, but directly by the people. Californians have ensured that district attorneys remain both accountable by, and responsive to, the people by making the office of district attorney an elective office. California voters thus have the right to judge their district attorneys and render that judgment at the polls.

Now, however, there are those who would deprive us of this right. The law currently contains a loophole; a means by which district attorneys can be appointed instead of being elected. In some counties there are those who would use this loophole to change a position dependent on the voters into a position dependent on political power brokers. This threat to the right of Californians to elect their county district attorneys is the reason why Proposition 59 is before you. We wrote Proposition 59 to ensure that district attorneys will always remain elected—not ap-

pointed—officials. Proposition 59 does this by amending the State Constitution to specify that district attorneys, along with county sheriffs and members of county boards of supervisors, must be elected by the people.

Almost two hundred years ago, James Madison, arguing for the adoption of the Federal Constitution, wrote that it is essential that government "should have an immediate dependence on, and sympathy with, the people. Frequent elections are unquestionably the only policy by which this dependence and sympathy can be effectually secured." **PROTECT YOUR RIGHTS. GUARANTEE THAT DISTRICT ATTORNEYS REMAIN DIRECTLY ACCOUNTABLE TO THE PEOPLE. VOTE YES ON PROPOSITION 59.**

DAVID ROBERTI  
*State Senator, 23rd District*

DAN MCCORQUODALE  
*State Senator, 12th District*

CECIL HICKS  
*District Attorney, County of Orange*  
*President, California District Attorneys Association*

## Rebuttal to Argument in Favor of Proposition 59

Proposition 59 would strip local voters of the power to decide whether their county district attorney will be elected or appointed (by the elected county board of supervisors).

Proponents argue that forcing voters in every county to elect their district attorney will make these "important and powerful public officials" more accountable.

In fact, many county district attorneys (especially in large counties) run *unopposed* for reelection every four years because of the BIG MONEY from SPECIAL INTEREST GROUPS needed to mount a countywide campaign against a powerful incumbent.

As a result, VOTERS OFTEN HAVE NO CHOICE ON ELECTION DAY. This is not accountability—it is a sham.

If voters really want to make public officials (including large county district attorneys) more accountable, WE NEED TO CHANGE THE WAY POLITICAL CAM-

## PAIGNS ARE FINANCED.

We need to encourage good people to run for public office and not simply leave candidates to raise money from special interest groups, such as businesses which generate toxic pollution. How can we expect our local and state officials to restrict and, if necessary, prosecute major campaign contributors?

Of course, we all cringe at the idea that our tax dollars would be spent on slick, perhaps dishonest, campaign literature and commercials. But use of public campaign funds can be restricted.

For now, if you believe that local voters should be allowed to retain the power to amend their own county charters to provide for the election or appointment of local district attorneys, vote "no" on Proposition 59.

GARY B. WESLEY  
*Attorney at Law*

**Vote today; do it the California way.**

Melinda Styles, San Bernardino



### Argument Against Proposition 59

This measure is a proposal by the Legislature to add to the California Constitution two provisions:

One provision would require that county charters provide for the election of district attorneys.

The second provision would authorize the Legislature to "provide for" "an elected district attorney" in every county.

The district attorney is responsible for the prosecution of felony offenses committed in the county. In addition, the county district attorney prosecutes less serious, "misdemeanor" offenses committed in portions of the county not within a city and in cities which do not prosecute misdemeanors on their own. Further, the district attorney in each county may handle child support and consumer fraud prosecutions.

The first question is whether California voters want to make sure that district attorneys are elected by voters in each county and not, for example, appointed by the elected board of supervisors.

In my view, the decision should be left to voters in each county. Any attorney can run for the position of county district attorney. Voters often select the candidate who

sounds as if he will be "tougher" on crime. An attorney with little experience and ability could be elected district attorney based on campaign rhetoric. Voters in some counties may prefer to allow their elected board of supervisors to appoint a qualified attorney to serve as county district attorney and remove the appointee if he or she is not tough enough on crime (or otherwise unsatisfactory).

The second question is whether the Legislature should be empowered to "provide for" the election of district attorneys in each county. Under this provision, the Legislature could prescribe that all district attorneys throughout the state be elected in June or November when we nominate or elect a Governor, for example, and prevent counties, such as San Francisco, from electing their district attorneys in conjunction with the election of other county officers. Why shouldn't the decision of *when* to elect a district attorney be left to voters in each of California's 58 counties?

For these reasons, I respectfully recommend a "no" vote.

GARY B. WESLEY  
*Attorney at Law*

### Rebuttal to Argument Against Proposition 59

The opponent to Proposition 59 says that the primary question "is whether California voters want to make sure that district attorneys are elected by voters in each county and not . . . appointed. . . ." We agree completely. The entire issue is whether Californians want their district attorneys to be responsible to the voters or to some political power broker whom a district attorney may be called upon to investigate. We authored Proposition 59 to give the people the opportunity to guarantee once and for all that district attorneys remain independent, subject only to the judgment of the people.

The opponent raises a false and misleading argument about the Legislature playing games with election dates. Proposition 59 does not give any new power to anyone. The language cited by the opponent has been in the Con-

stitution for years. In charter counties, Proposition 59 calls for the county charters, not the Legislature, to provide for elected district attorneys. In noncharter counties, the Legislature already has the right to determine the dates of local elections. Proposition 59 simply preserves a right currently enjoyed in each of California's counties—the right of the voters to elect their district attorney.

The question is simple. Do you want the people or the power brokers to choose district attorneys? If you want the people to decide, vote YES on Proposition 59.

DAVID ROBERTI  
*State Senator, 23rd District*

DAN MCCORQUODALE  
*State Senator, 12th District*

**Vote; the proof's in the polling!**

Jeffrey Dennis Webster, Fresno



## Official Title and Summary Prepared by the Attorney General

**TAXATION. REPLACEMENT RESIDENCES. LEGISLATIVE CONSTITUTIONAL AMENDMENT.** State Constitution Article XIII A, enacted as Proposition 13 in 1978, with certain exceptions, places a limitation on real property taxes equal to 1 percent of the value of its assessed value listed on the 1975-1976 tax bill. Property may be reassessed on change of ownership. This measure amends Article XIII A to permit the Legislature to allow persons over age 55, who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: This measure has no direct state or local fiscal effect unless the Legislature passes laws implementing it. If the Legislature passes such laws, property tax revenues would be reduced. The loss of this revenue would probably amount to several million dollars per year beginning in 1987-88. Cities, counties, and special districts would bear 60 percent of this loss. The other 40 percent would affect community college and school districts. Higher state aid to community college and school districts would offset these losses. The State General Fund would bear the cost for the higher aid.

## Final Vote Cast by the Legislature on ACA 5 (Proposition 60)

Assembly: Ayes 70  
Noes 0

Senate: Ayes 27  
Noes 1

## Analysis by the Legislative Analyst

## Background

Under the California Constitution, real property (such as land and buildings), is taxed on the basis of its assessed value. This value is either the property's 1975-76 assessed value, or its market value when "purchased, newly constructed, or a change of ownership has occurred after the 1975 assessment." The assessed value may increase at a later date to reflect the value of improvements made by the owner. Otherwise, the assessed value may increase to reflect inflation, but by no more than 2 percent each year. Generally, the assessed value of real property is considerably less than its current market value.

## Proposal

This constitutional amendment would authorize the Legislature to provide a special method of establishing assessed value for replacement residential property acquired by a homeowner over the age of 55. Specifically, this method would allow homeowners over the age of 55 to transfer the assessed value of their present home to a replacement home located in the same county. To qualify for this special treatment, the replacement home must be:

- Purchased or newly constructed as a replacement for the person's principal residence;

- Of equal or lesser value than the original property;
- Located within the same county; and
- Purchased or newly constructed within two years of the sale of the present property.

The measure could apply to replacement property purchased or newly constructed on or after November 5, 1986.

## Fiscal Effect

This measure has no direct state or local effect because it merely authorizes the Legislature to implement its provisions.

If this measure is approved, and the Legislature enacts the laws for its implementation, the amendment would reduce property tax revenue collections. These revenue losses probably would amount to several millions of dollars per year, beginning in 1987-88. Cities, counties, and special districts would bear approximately 60 percent of the revenue loss.

The remainder of the losses would affect school districts and community college districts. Under existing law, higher state aid would offset these losses. The State General Fund would bear the cost for the higher aid, beginning in 1987-88.



## Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 5 (Statutes of 1986, Resolution Chapter 75) 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 inserted or added are printed in *italic type* to indicate that they are new.

### PROPOSED AMENDMENT TO ARTICLE XIII A, SECTION 2

SEC. 2. (a) The full cash value means the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975-76 full cash value may be reassessed to reflect that valuation. For purposes of this section, ~~the term~~ "newly constructed" ~~shall~~ does not include real property which is reconstructed after a disaster, as declared by the Governor, where the fair market value of ~~such~~ the real property, as reconstructed, is comparable to its fair market value prior to the disaster. Also, the term "newly constructed" shall not include the portion of reconstruction or improvement to a structure, constructed of unreinforced masonry bearing wall construction, necessary to comply with any local ordinance relating to seismic safety during the first 15 years following that reconstruction or improvement.

*However, the Legislature may provide that under appropriate circumstances and pursuant to definitions and procedures established by the Legislature, any person over the age of 55 years who resides in property which is eligible for the homeowner's exemption under subdivision (k) of Section 3 of Article XIII and any implementing legislation may transfer the base year value of the property entitled to exemption, with the adjustments authorized by subdivision (b), to any replacement dwelling of equal or lesser value located within the same county and purchased or newly constructed by that person as his or her principal residence within two years after the sale of the original property. For purposes of this section, "any person over the age of 55 years" includes a married couple one member of which is over the age of 55 years. For purposes of this section, "replacement dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. For purposes of this section, a two-dwelling unit shall be considered as two separate single-family dwellings. This paragraph shall not apply to any replacement dwelling which was purchased or newly constructed prior to the effective date of this paragraph.*



## Argument in Favor of Proposition 60

California can create new housing opportunities for senior citizens by easing a property tax burden that now prevents many of them from finding affordable housing. At the same time, we can help many young families find their first homes. This proposition will do both by protecting older homeowners from huge property tax increases when they choose to sell their large family homes and move into new smaller residences. As a result, more seniors will be able to enjoy the rewards of years of hard work, and new buyers, many of whom are young families, will be able to enjoy the homes that served the seniors so well for so many years.

Unfortunately, today, our property tax system leads to just the opposite result. State law requires residential property to be assessed at its full cash value upon change of ownership or when it has been newly constructed. That's good for seniors who want to remain in their present homes because it keeps their property tax bill low. But it's bad for seniors who wish to sell their homes and move to a new address because they are likely to find a much higher property tax assessment when they get there. And it's bad for a lot of would-be first-time home buyers who cannot afford newly built homes but would gladly buy a senior citizen's house and move into an established neighborhood.

The solution is to let seniors who want to sell their homes take their current property tax assessment to their new place of residence.

If approved by the voters, Proposition 60 would do just that by amending the State Constitution to authorize the

Legislature to provide that the base year value of owner-occupied residential property can be transferred for seniors to newly purchased or constructed owner-occupied residential property of equal or lesser value.

To qualify for Proposition 60, the property must be:

- (1) A replacement for property located within the same county.
- (2) Purchased by either (a) a person over the age of 55 years or (b) a married couple if one spouse is over the age of 55 years.
- (3) Eligible for the homeowners' exemption.
- (4) Purchased within two years of the sale of the original property.

Local government and schools will *not* lose revenue from this measure. This is true because when seniors sell their larger homes for current market prices it will create new property tax revenue. That new revenue will offset any loss from the lower assessments on the seniors' new residences.

By approving Proposition 60, we can help increase our senior citizens' freedom to live where they choose and help many young families have the opportunity to achieve the American dream of home ownership.

DAVE ELDER

*Member of the Assembly, 57th District*

GRAY DAVIS

*Member of the Assembly, 43rd District*

PAUL CARPENTER

*State Senator, 33rd District*

## Rebuttal to Argument in Favor of Proposition 60

Proposition 13 has had the beneficial effect of holding down property taxes for some homeowners, landlords and businesses.

However, Proposition 13 was poorly written. The courts have been forced to give definition to terms the authors never defined and the infamous *automatic reassessment provision* has created perhaps the most unfair property tax system in the entire United States.

The Legislature and Governor should have offered voters a comprehensive amendment to Proposition 13 long ago. Instead, they continue to propose exemptions from reassessment for the privileged few. Maybe the aim is to divide and conquer California taxpayers.

Certainly, older persons (and 55 is ancient!) should be allowed to move without facing reassessment and higher property taxes.

But what about younger persons who must qualify for a

loan and spend most of their monthly income to buy a house in today's market? First-time home buyers have no house to sell and "trade up." Why should they be additionally burdened with sky-high property taxes? They should not.

Not only is Proposition 60 unfair to younger persons but it actually does NOT guarantee any exemption for homeowners over 55. The measure states that "*the Legislature may provide*" for such an exemption.

Furthermore, if a person over 55 were to purchase a more expensive home or any home in another county, the exemption would not apply! The new home would be reassessed and higher property taxes imposed.

Proposition 60 is not the answer. Let's stick together and demand a comprehensive amendment.

GARY B. WESLEY

*Attorney at Law*



## Argument Against Proposition 60

This measure is *another* proposal by the Legislature to amend Proposition 13, a constitutional limitation on property taxes approved by voters in 1978.

Proposition 60 would permit, but not require, the Legislature to allow "any person over the age of 55" to move "to any replacement dwelling of equal or lesser value located within the same county" and transfer to the new home the tax base (i.e., "assessed value") established for the former home.

The Legislature is continuing to tinker with Proposition 13 instead of offering voters a comprehensive amendment which would eliminate all of the inequities caused by its automatic reassessment provision.

Under Proposition 13 (now Article XIII A of the California Constitution), assessed property values generally are frozen at their 1975 levels; however, property is reassessed and higher property taxes are imposed each time the property is "purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment."

As a result of this reassessment each time property changes hands, new owners are required to pay far more in property taxes than do their neighbors whose property has the same value but was purchased earlier when property values were lower.

In addition, this automatic reassessment provision has caused a gradual but massive shift of the overall property tax burden from owners of commercial and industrial property (which is often leased but seldom sold) to owners (and renters) of residential property.

Instead of offering voters an amendment to Proposition 13 which would correct these inequities, the Legislature

proposes in this measure to retain the basic flaw but give itself the authority to exempt some persons from the unfair tax burden the automatic reassessment provision places upon ALL new owners and renters of residential property.

There would be no need to exempt persons over the age of 55 from automatic reassessment if the Legislature would allow voters to decide whether to eliminate this aspect of Proposition 13 altogether.

I challenge the proponents of this measure to explain to voters why the Legislature has refused to offer voters a comprehensive amendment to Proposition 13 such as:

(1) Equalize the assessed value of all property at the 1975 levels established for some owners under Proposition 13. Homes built since 1975, for example, would be taxed at a level reflective of the area's lower property values in 1975.

(2) Periodically reassess all property but provide for an automatic reduction in the tax rate so that government does not get more money just because overall property values increase.

If proponents of this measure have any other ideas for making our property tax system fairer to ALL Californians, those ideas should be included in their rebuttal.

In my opinion, a "no" vote on this measure may send a message to the Legislature and Governor that voters want to be offered a comprehensive amendment to Proposition 13.

Persons of all ages are hurt by automatic reassessment.

GARY B. WESLEY  
Attorney at Law

## Rebuttal to Argument Against Proposition 60

The opponent of Proposition 60 is right on one count. Proposition 60 will *not* make major changes in the voter-approved measure known as Proposition 13. Proposition 60, like Proposition 13, eases the property tax burden for senior citizens.

Republicans and Democrats agree that Proposition 60 encourages the transfer of underused, larger homes to younger, growing families.

- Not one taxpayer association has opposed Proposition 60 because it will allow senior citizens to improve their housing without being penalized by excessive taxation.

- The American Association of Retired Persons supports Proposition 60 because it will allow older Californians the freedom to sell their homes and move within their county without paying excessive property taxes.

- Republican and Democratic legislative leaders back Proposition 60 because it corrects an unfairness in our

current property tax laws while maintaining the tax relief provided by Proposition 13.

By voting for Proposition 60 we can help give senior citizens freedom to live where they choose in their county area.

Please remember that Proposition 60 stands for fairness. Proposition 60 helps our seniors and at the same time it helps young families. We urge you to support Proposition 60. On November 4 vote yes on 60.

VIOLA J. THOMAS  
Chairperson, California State Legislative Committee,  
American Association of Retired Persons

JIM KEYSOR  
Deputy County Assessor, County of Los Angeles

HENRY J. MELLO  
State Senator, 17th District  
Chairman, Senate Subcommittee on Aging



## Official Title and Summary Prepared by the Attorney General

**COMPENSATION OF PUBLIC OFFICIALS, EMPLOYEES, INDIVIDUAL PUBLIC CONTRACTORS. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.** Sets Governor's annual salary at \$80,000; other "Constitutional" officers at \$52,500. Limits maximum compensation of elected or appointed state and local government employees and individual public contractors to 80% of Governor's salary. Requires people's vote to increase salaries of constitutional officers, members of Board of Equalization, legislators, judiciary, and specified local elected officers. Prohibits public officials and employees from accruing sick leave or vacation from one calendar year to another. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Public official and employee salary and benefit-related reductions would amount to \$125 million in the first year at the state level and roughly the same amount at the local level. These reductions would not necessarily result in comparable savings. They would be offset to some extent or could be outweighed by the need to pay various costs depending on unknown factors relating to (1) how the measure is interpreted, (2) possible payment of vested sick and vacation leave at a one-time cost of about \$7 billion, (3) how the measure would be implemented, (4) its effect on governmental efficiency resulting from its limitation on pay for officers, employees and contractors. Net fiscal impact is unknown.

## Analysis by the Legislative Analyst

### Background

Currently, the state and local governments have discretion in setting the salaries and fringe benefits of elected officials and public employees. These governments set the salaries of elected officials (such as the Governor, judges and city council members), and the salaries may be increased without voter approval. For public employees, state and local governments can pay the amounts necessary to attract and retain qualified persons. With regard to fringe benefits, virtually all public employees earn vacation and sick leave, and governments allow most of them to carry over at least some portion of unused leave from year to year.

State and local governments may contract with individuals for services. While the law places some restrictions on the kinds of services governments may provide through contracts, generally there are no specific limitations on either the amount or length of contracts.

### Proposal

This constitutional amendment changes substantially the laws governing compensation for state and local elected officials and employees. It also places restrictions on contracting that affect both state and local governments. The proposed amendment, however, contains many phrases which are either unclear or subject to different interpretations. Consequently, this analysis is based on assumptions about how the courts would interpret the initiative.

The main provisions of this measure are as follows:

**Elected Officials.** This measure increases the Governor's annual salary from \$49,100 to \$80,000 and adds a new provision requiring that the voters approve any future increases. (Under existing law, this salary would have increased to \$85,000 on January 5, 1987.) The initiative also sets an annual salary of \$52,500 for all other constitutional officers (such as the State Treasurer and Controller) and members of the Board of Equalization. (Under existing

law, these salaries also would have increased in the coming year.)

In addition, the measure limits the salaries of all other state and local elected officials to 80 percent of the Governor's salary. On November 5, 1986, this limit would be \$64,000. In the future, these salaries could be increased only with the voters' approval, but the new salaries still could not exceed 80 percent of the Governor's salary. The measure provides one exception to this limit by allowing local voters, through an initiative, to approve salaries for local officials (elected or appointed) which exceed the limit.

**State and Local Government Employees.** This initiative also limits the pay of all state and local government employees to 80 percent of the Governor's salary. The measure uses both the terms "compensation" and "salary." "Compensation" typically includes salary plus employer payments for health, retirement and other benefits. The courts, however, probably would interpret this pay provision as a salary limit. If so, the highest allowable salary for any public employee would be frozen at \$64,000 until the people voted to increase the Governor's salary. If, however, the courts were to interpret this measure as placing a limit on "compensation" (which would include fringe benefits), the highest allowable salary would be frozen at about the \$50,000 level.

The initiative would not allow public employees to carry over unused vacation and sick leave from one calendar year to another. It is unclear, however, whether this restriction would apply only to leave earned in the future or whether it also would apply to leave earned prior to this election. Given that the law generally protects an employee's right to already earned benefits, the courts probably would interpret this restriction as applying only to future vacation and sick leave.

**State and Local Government Contracts.** The initiative prohibits public agencies from paying individuals under contract more than 80 percent of the Governor's annual salary. In addition, these individuals could not receive



compensation greater than \$75 per hour, nor could their contracts exceed two years in length. Under "special circumstances," the Legislature could approve—by a two-thirds vote—state contracts for individuals which provide compensation in excess of the limit, as long as the contracts did not exceed four years in length. The measure does not define "special circumstances," and does not allow this provision to be used by local governments.

### Fiscal Effect

The initiative would have several fiscal effects on state and local governments, many of which are difficult to measure. The salary limit would affect about 9,000 state employees, an unknown—but probably similar—number of local government employees, and a relatively small number of elected officials. Most of the affected employees fall into one of the following categories: (1) top-level managers (such as executive directors of state agencies, city managers, and police and fire chiefs); (2) medical personnel (such as doctors at county hospitals and University of California medical school staff); (3) legal positions (such as state judges, district attorneys and their senior prosecutors, and staff counsel to state departments); and (4) University of California personnel (senior professors and administrators).

The salary and benefit-related reductions associated with these positions would be about \$125 million at the state level, with local government reductions of roughly the same amount. These reductions, however, would not result in comparable savings, for at least two reasons. First, at the state level, the Legislature could use the "special circumstances" provision to approve contracts with employees affected by the limit to provide compensation approaching the former salary levels. It is unknown how often, or how extensively, this provision would be used. Second, governments would be allowed to increase *non-salary* forms of compensation in an attempt to keep total

pay packages competitive with those of other public and private employers.

Any net savings from the salary reductions also would be offset to some extent by other costs. For instance, the prohibition on the carry-over of vacation and sick leave probably would result in increased use of leave time, especially toward the end of a calendar year. As a result, governments would incur unknown costs each year to pay substitute workers in essential public programs, such as police, fire, and education services. This analysis assumes that the carry-over restrictions imposed on vacation and sick leave would *not* apply to unused leave time earned prior to the amendment's effective date (November 5, 1986). If the courts were to rule to the contrary, state and local governments could face one-time costs of about \$7 billion to buy out these protected benefits. A major portion, but not all, of this cost otherwise would be paid out to employees over a period of many years.

An important, immediate and long-term effect of this initiative would be its impact on the public sector's ability to hire and retain qualified and experienced employees. State and local governments compete for these employees with other employers in the public and private sectors. Presumably, these governments are now paying salaries above \$64,000 in order to attract and keep competent individuals. Under the salary limit, governments in many cases would be forced to rely on less qualified or experienced employees and contractors. This, in turn, would lead to less efficient, more costly government services. These costs cannot be estimated, but they would be substantial.

In summary, this measure would result in unknown savings to state and local governments from salary reductions. These savings, however, would be offset to some extent—and could even be outweighed—by various costs. The net fiscal impact is unknown because it would depend on how the measure is interpreted and implemented.

### 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 expressly repeals, adds, and amends existing provisions of the Constitution, and repeals provisions of the Government Code; therefore, 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

SECTION I: Sections 11550 through 11569 of the California Government Code are hereby repealed.

#### Article I: Salaries of Specified Positions

11550. Effective July 1, 1984, an annual salary of seven/two thousand five hundred dollars (~~\$72,500~~) shall be paid to each of the following:

- (a) Director of Finance;
- (b) Secretary of Business, Transportation and Housing Agency;
- (c) Secretary of Resources Agency;
- (d) Secretary of Health and Welfare Agency;
- (e) Secretary of State and Consumer Services Agency;
- (f) Director of Industrial Relations;

- (g) Commissioner of the California Highway Patrol;
- (h) Secretary of Youth and Adult Correctional Agency;
- (i) Director of Food and Agriculture;

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

11551. Effective January 5, 1987, an annual salary of eighty-five thousand dollars (~~\$85,000~~) shall be paid to the Governor.

Upon the commencement of each new term, the annual compensation provided by this section shall be increased based on the cost-of-living increases provided for state employees over the previous four years. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the combination of percentages of the general cost-of-living increases provided for state employees for the four previous fiscal years.

*Continued on page 59*



## Argument in Favor of Proposition 61

The only way to stop the salaries from skyrocketing is to *limit* the *salaries*, which PROPOSITION 61 does.

Your elected officials don't like that and neither do the public employee union bosses. They want no limits. They believe they have a *right* to whatever pay raises they wish to vote themselves. And you, the taxpayer, should have *nothing* to say about it!

Even more galling, the politicians are trying to scare you with dire predictions about losing qualified teachers. But what they *fail* to tell you is that the salary *limit* for classroom teachers is \$64,000 a year!

*Teachers* don't make that kind of money; only the *bureaucrats* do.

Can salaries ever be raised above these limits? Sure!

It just requires a two-thirds *roll-call* vote of the Legisla-

ture. And *elected* officials will simply have to get voter approval when they vote themselves a raise.

Is that so bad?

It is clear that what the bureaucrats and politicians are *really* mad about is that, from now on, salaries must be discussed and voted upon in the clear light of day.

And one thing I've learned, bureaucrats *don't* like the light.

The bureaucrats and politicians have a sweet little deal going and they don't want you, or anybody else, "rocking the boat."

Well, I say "rock it" or "dock it." We're *through* paying the bills. Vote YES on Proposition 61.

PAUL GANN

## Rebuttal to Argument in Favor of Proposition 61

Gann claims the pay limitations of Prop. 61 would save taxpayer dollars.

That's *NOT TRUE!* Actually it could *COST TAXPAYERS BILLIONS.*

Proposition 61's *COST TO STATE AND LOCAL TAXPAYERS COULD BE ABOUT \$7 BILLION*, according to the official impact report by Legislative Analyst John L. Vickerman. Staggering tax increases and municipal bankruptcies could result.

Proposition 61 prohibits public employees from accumulating earned sick leave and vacation time. This would *encourage absenteeism*. Accumulation of this time is *good* because employees could use it in the event of serious illnesses.

In addition:

- According to California's chief legal counsel, Prop. 61 is so poorly and ambiguously written it would *cause years of litigation in the state courts just to figure out what it means!*

- State School Superintendent Bill Honig says unrea-

sonable pay limitations would *DEVASTATE OUR PROGRESS TOWARD EXCELLENCE IN EDUCATION.*

- It would cause a loss of high-tech jobs in California as highly qualified and experienced university researchers in medicine, agriculture, and computers leave the state.

*DON'T BE FOOLED!*

*PROPOSITION 61 WON'T CORRECT PENSION ABUSES, WON'T SAVE YOU ONE CENT, BUT WOULD COST YOU A BUNDLE!*

*VOTE NO ON PROP. 61!*

RICHARD P. SIMPSON

*California Taxpayers' Association*

JOE A. DUARDO

*President, California School Boards Association*

JACK BOLING

*President, California Association of Highway Patrolmen (CHP)*



## Argument Against Proposition 61

### DON'T BE MISLED!

Proposition 61 is **NOT ABOUT PENSION REFORM** and **IT WOULD NOT SAVE TAXPAYERS DOLLARS!**

It doesn't contain one word about lowering the outrageous pensions of former elected officials!

In fact, Proposition 61 would **DRASTICALLY REDUCE** the **QUALITY OF GOVERNMENT SERVICES** in California and could **COST TAXPAYERS BILLIONS!**

Prop. 61 **IS** unfair, arbitrary and unworkable.

It puts a straitjacket on California's economic future.

We no longer would be able to hire and retain the best police chiefs, prosecutors, university presidents, scientists, toxic experts, school officials and medical personnel.

And our state and local governments would find it difficult, if not impossible, to contract with private business, even for such vital functions as highway construction, flood and fire control and toxic cleanup.

An exaggeration? NO! Take a look.

The mandatory pay limit in Prop. 61 will **REDUCE PAYCHECKS** of thousands of our best and brightest public employees, including:

- Top **LAW ENFORCEMENT** experts, the very people we depend on to keep us safe.

- Top **EDUCATORS**, including the University of California president, Nobel Laureate professors, and superintendents of our largest school districts.

- Renowned **DOCTORS AND RESEARCHERS** who provide Californians with the best and most advanced medical care.

**CALIFORNIA WOULD LOSE** its best public servants to better paying jobs in **OTHER STATES** and private business. We'd be stuck with mediocre management.

The **UNFAIR SALARY LIMIT** violates basic principles of our American system; that skilled and talented people can *earn* their way up, and that *competition* determines salaries, *not* senseless regulation.

Under Prop. 61 workers would be mandated to use their earned sick leave and vacation time each year or lose it

forever. **ABSENTEEISM WOULD FLOURISH.** Flexibility in times of emergency would become impossible. California *doesn't* need more regulations which are harmful to both management and employees.

Furthermore, the contradictory and confusing language used throughout Prop. 61 would leave interpretation and control in the hands of the courts or, worse, to the politicians in Sacramento!

Prop. 61 puts unworkable limits on government's ability to contract with the private sector for important services, like highway construction, emergency services and toxic cleanup. These services cost millions of dollars, yet Prop. 61 prohibits contracts exceeding \$64,000 annually without a vote of the Legislature.

As a result, such services would have to be performed either by full-time civil service bureaucrats—at great cost to the state—or, worse yet, the Legislature will meddle in every large contract. **THESE DECISIONS SHOULD NOT BE MADE IN THE BACK ROOMS OF SACRAMENTO!**

Would this initiative save taxpayers money? *Not a chance!* Government would be far less efficient and effective, public management mediocre and waste would increase. **AND THE IMMEDIATE COST TO TAXPAYERS COULD BE BILLIONS OF DOLLARS** because state coffers would be drained to compensate employees for leave time they have already earned.

Hardworking and talented people have made California great; but Prop. 61 restricts our ability to compete for and keep the best and the brightest.

For the sake of our future, **VOTE NO ON PROP. 61!**

**RICHARD P. SIMPSON**

*California Taxpayers' Association*

**LINDA BRODER**

*President, League of Women Voters of California*

**BILL HONIG**

*State Superintendent of Public Instruction*

## Rebuttal to Argument Against Proposition 61

Did they just say that Paul Gann is going to *raise* the cost of government?

If you believe that, I've got a little swampland in Florida you might be interested in!

For years, I've been sponsoring initiatives to *cut* wasteful government spending, and I'm not about to switch now.

My initiatives have saved California taxpayers literally tens of billions of dollars, *without* cutting vital services. And they've all passed by *huge* margins for *two* reasons:

(1) Each solved a problem the Legislature *refused* to correct.

(2) Each did it *fairly*, treating both workers and taxpayers with *respect*.

That's what **PROPOSITION 61** does.

It simply puts a reasonable limit on government salaries.

All **PROPOSITION 61** says is the people have the right to set maximum salary limits for their elected and appointed officials—that limit is \$64,000.

That's right, I said **\$64,000** a year. Does that sound like we're turning these public officials out into the streets?

I think not.

Then, why are *elected* politicians so upset?

Because if **PROPOSITION 61** passes and *they* want a salary increase, it must be approved by the voters.

And it gives the people the right, by initiative, to change any of these public officials' salaries, *up* or *down*.

Now you can see what all the fuss is *really* about!

This is why I urge *you* to vote **"YES" ON PROPOSITION 61!**

**PAUL GANN**



## Official Title and Summary Prepared by the Attorney General

**TAXATION. LOCAL GOVERNMENTS AND DISTRICTS. INITIATIVE STATUTE.** Enacts statutes regarding new or increased taxation by local governments and districts. Imposition of special taxes, defined as taxes for special purposes, will require approval by two-thirds of voters. Imposition of general taxes, defined as taxes for general governmental purposes, will require approval by two-thirds vote of legislative body; submission of proposed tax to electorate; approval by majority of voters. Contains provisions governing election conduct. Contains restrictions on specified types of taxes. Restricts use of revenues. Requires ratification by majority vote of voters to continue taxes imposed after August 1, 1985. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: The measure prevents imposition of new or higher general taxes by local agencies without voter approval. It also could reduce existing tax revenues to local agencies, if a majority of their voters do not ratify the continuation of new or higher taxes adopted after August 1, 1985. As this is a statutory, not a constitutional, initiative, the provisions of this measure imposing penalties and requiring voter approval cannot be applied to charter cities.

## Analysis by the Legislative Analyst

## Background

Under the State Constitution, charter cities have broad authority to impose new or higher taxes. General law cities have been granted similar authority by the Legislature. Counties and certain special districts, including transit districts, have limited authority to impose new or higher taxes.

The taxes imposed by these local government agencies are classified as either *general* or *special* taxes. A *general* tax raises money for general governmental purposes. Conversely, the revenue generated by a *special* tax must be used for a specific purpose.

New or higher general taxes must be approved by at least a majority of the local agency's governing body. In some cases, approval also must be given by a majority of the voters. New or higher special taxes must generally be approved by at least two-thirds of the voters.

## Proposal

This measure establishes new requirements for the adoption of new or higher general and special taxes by local agencies. In particular, this measure:

1. Requires all proposals for a new or higher *general* tax to be approved by two-thirds of the local agency's governing body, and by a majority of the voters.
2. Requires all local ordinances or resolutions proposing a new or higher general or special tax to contain specific

information. For example, the ordinance must state the method of collection and the proposed use of the special tax revenues.

3. Penalizes local agencies that fail to comply with the above requirements. The measure requires a reduction in the agency's property tax allocations equal to the revenues derived from the new or higher tax.

4. Requires local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approve the tax by November 5, 1988.

Because this measure is not a constitutional amendment, the approval requirements for the adoption of new or higher *general* taxes, and the penalty provisions, would not apply to charter cities. Thus, this measure does not change the constitutional authority of charter cities to impose new or higher general taxes by a majority vote of the city council.

## Fiscal Effect

This measure would prevent the imposition of new or higher general taxes without voter approval by local agencies other than charter cities. The measure also could reduce the amount of tax revenues collected by local agencies in the future, if a majority of their voters do not authorize the continuation of new or higher taxes adopted after August 1, 1985.

Be a ballot boxer. Vote.

David Eaton, Roseville



## 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 adds sections to the Government Code; therefore, the new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED LAW

Article 3.7 is hereby added to Chapter 4 (Financial Affairs) of Part 1 (Powers and Duties Common to Cities, Counties and other agencies) of Div. 2 (Cities, Counties and other Agencies) of Title 5 (Local Agencies) of the Government Code, commencing with Section 53720.

#### ARTICLE 3.7

##### VOTER APPROVAL OF TAXES

###### 53720. DEFINITIONS.

As used in this Article:

(a) "local government" means any county, city, city and county, including a chartered city or county, or any public or municipal corporation; and,

(b) "district" means an agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries.

53721. All taxes are either special taxes or general taxes. General taxes are taxes imposed for general governmental purposes. Special taxes are taxes imposed for specific purposes.

53722. No local government or district may impose any special tax unless and until such special tax is submitted to the electorate of the local government, or district and approved by a two-thirds vote of the voters voting in an election on the issue.

53723. No local government, or district, whether or not authorized to levy a property tax, may impose any general tax unless and until such general tax is submitted to the electorate of the local government, or district and approved by a majority vote of the voters voting in an election on the issue.

53724. (a) A tax subject to the vote requirements prescribed by Section 53722 or Section 53723 shall be proposed by an ordinance or resolution of the legislative body of the local government or district. The ordinance or resolution proposing such tax shall include the type of tax and rate of tax to be levied, the method of collection, the date upon which an election shall be held on the issue, and, if a special tax, the purpose or service for which its imposition is sought.

(b) No tax subject to the vote requirement prescribed by Section 53723 shall be presented at an election unless the ordinance or resolution proposing such tax is approved by a two-thirds vote of all members of the legislative body of the local government or district.

(c) Except as provided in subdivision (d), the election on any tax proposed pursuant to this Article shall be consolidated with a statewide primary election, a statewide general election, or a regularly scheduled local election at which all of the electors of the local government or district are entitled to vote.

(d) Notwithstanding subdivision (c), the legislative body of the local government or district may provide that

the election on any tax proposed pursuant to this Article shall be held at any date otherwise permitted by law. The local government or district shall bear the cost of any election held pursuant to this subdivision. An election held pursuant to this subdivision shall be deemed at the request of the local government or district calling such election, and shall not be deemed a state mandate.

(e) The revenues from any special tax shall be used only for the purpose or service for which it was imposed, and for no other purpose whatsoever.

53725. (a) Except as permitted in Section 1 of Article XIII A of the California Constitution, no local government or district may impose any ad valorem taxes on real property. No local government or district may impose any transaction tax or sales tax on the sale of real property within the city, county or district.

(b) Taxes permitted by Subdivision (b) of Section 1 of Article XIII A of the California Constitution shall not be subject to the vote requirements prescribed by this Article.

53726. Except as set forth in Section 53727, this Article shall not be construed to repeal or affect any statute enacted prior to August 1, 1985 which authorizes the imposition of a special tax.

53727. (a) Neither this Article, nor Article XIII A of the California Constitution, nor Article 3.5 of Division 1 of Title 5 of the Government Code (commencing with Section 50075) shall be construed to authorize any local government or district to impose any general or special tax which it is not otherwise authorized to impose; provided, however, that any special tax imposed pursuant to Article 3.5 of Division 1 of Title 5 of the Government Code prior to August 1, 1985 shall not be affected by this section.

(b) Any tax imposed by any local government or district on or after August 1, 1985, and prior to the effective date of this Article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of imposition, which election shall be held within two years of the effective date of this Article. Any local government or district which fails to seek or obtain such majority approval shall cease to impose such tax on and after November 15, 1988.

53728. If any local government or district imposes any tax without complying with the requirements of this Article, or in excess of its authority as clarified by Section 53727, whether or not any provision of Section 53727 is held not applicable to such jurisdiction, the amount of property tax revenue allocated to the jurisdiction pursuant to Chapter 6 of part 0.5 of Division 1 of the Revenue and Taxation Code (commencing with Section 95) shall be reduced by one dollar (\$1.00) for each one dollar (\$1.00) of revenue attributable to such tax for each year that the tax is collected. Nothing in this section shall impair the right of any citizen or taxpayer to maintain any action to invalidate any tax imposed in violation of this Article.

53729. This Article may only be amended by vote of the electorate of the State of California.

53730. If any provision of this Article, or the application thereof to any person, organization, local government, district, or circumstance is held invalid or unconstitutional, the provision to other persons, organizations, local governments, districts, or circumstances shall not be affected thereby but shall remain in full force and effect.



## Argument in Favor of Proposition 62

A YES vote on Proposition 62 gives back your right to vote on any tax increases proposed by your local governments.

Proposition 62 will decide whether government controls the people, or people control the government.

In 1978, Proposition 13 returned the power to control tax increases to the people, where it belongs. However, the State Supreme Court twisted the language of Proposition 13 in a 1982 decision (*City and County of San Francisco vs. Farrell*) which took away your right to vote on city and county tax increases.

Since the Supreme Court decision, politicians in over 108 cities already have increased taxes over 300 million dollars without a vote of the people. In all, 138 taxes have been increased, and the figures are growing.

When politicians can raise taxes on their own without a vote of the people, you can bet your bottom dollar those taxes are going to go up and up. They have already risen sharply in communities all over California. And that's just

the beginning unless we stop them now with Proposition 62.

You can take back your right to vote on your new or increased local taxes by voting "YES" on Proposition 62, the Taxpayers' Voting Rights Act.

Proposition 62 requires new or increased local, general purpose taxes be approved by a majority vote at an election, after a two-thirds vote by a legislative body of the local government or agency puts the tax on the ballot.

Proposition 62 gives you the right to vote on new taxes as well as increases in existing taxes.

Guarantee your right to vote on your taxes. VOTE YES ON PROPOSITION 62.

**HOWARD JARVIS**

*Author of Proposition 13*

*Chairman, California Tax Reduction Movement*

**PAUL CARPENTER (D)**

*State Senator, 33rd District*

**JOHN J. LYNCH**

*Deputy Assessor, Los Angeles County*

## Rebuttal to Argument in Favor of Proposition 62

Those claims for Proposition 62 are misleading.

Proponents say taxes have risen "sharply" since 1982. With 20,900,000 people in California cities, their estimate averages \$14.35 each—not enough to take a family of four to the movies. It's hardly evidence that city councils are running wild raising taxes.

This proposition is so poorly written that it wouldn't do what proponents claim.

It probably wouldn't require a vote on tax increases. It would require a complex process to impose *new* taxes, but says nothing about a vote to *increase* existing taxes. Nor does it apply to fees or assessments. Like others before it, Proposition 62 would lead to years of costly lawsuits.

The authors even neglected to make this a constitutional amendment. That means they've left out charter cities, which have constitutional authority to govern themselves. They've left out 82 cities, including:

Anaheim  
Bakersfield  
Downey  
Fresno  
Glendale  
Huntington Beach  
Irvine  
Long Beach  
Los Angeles  
Marysville  
Oakland  
Pasadena  
Riverside

Sacramento  
San Bernardino  
San Diego  
San Francisco  
San Jose  
Santa Ana  
Santa Barbara  
Stockton  
Sunnyvale  
Torrance  
Ventura

That leaves mostly small- and medium-sized cities, which already generally have lower taxes than charter cities.

On the other hand, Proposition 62 will cost California cities millions in extra interest costs. Investors will be reluctant to buy California municipal bonds because Proposition 62 will make it difficult for noncharter cities to resolve any future fiscal crisis.

Proposition 62 is unnecessary.

It wouldn't do what proponents claim.

It would increase interest costs.

And it would keep lawyers busy for years to come.

VOTE "NO" ON PROPOSITION 62.

**TED COOKE**

*President, California Police Chiefs Association*

**BILL TEIE**

*President, California Fire Chiefs Association*

**ROY ULRICH**

*California Common Cause*



## Argument Against Proposition 62

### WE URGE YOU TO VOTE "NO" ON PROPOSITION 62,

- because it unnecessarily interferes with local control,
- because it would prevent local government from meeting critical local needs, and
- because it imposes a cumbersome and unworkable process on our system of representative government.

There's no indication a need exists for a statewide law to further limit your city's ability to provide the level of police and fire protection and the quality of parks, street maintenance and other services you want.

If taxes are too high in any one community, voters can use the initiative process at the local level to reduce their own taxes—or turn their elected officials out of office.

*Why restrict all California cities, when local voters already have the authority to control the amount of local taxes they pay?*

*Why impose a statewide law when a local initiative will do?*

The fact is Proposition 62 goes far beyond the taxpayer protections of current law. It requires an overly restrictive and cumbersome two-step process. In practice, it would prevent local government from raising necessary revenues—no matter how great the need.

Your city council members already are prohibited by law from raising the property tax or sales tax. They can't impose an income tax. They may charge fees for some services, but only enough to cover the cost of providing those services. State law also limits how much your city can spend.

And your city council members know they will face your wrath at the next election if they've misjudged your wishes.

Current law provides little flexibility in financing local needs when existing revenue sources fall short, some exceptional need arises, or the people demand more or better services.

During the recent recession, cities throughout California worked hard to maintain adequate levels of police, fire and paramedic protection and other basic services. They economized, dropped programs, laid off workers, and delayed repairs of streets and other public structures. When no other means could be found, some cities had to raise revenues to keep police officers and firefighters on the job.

Take away that flexibility and you leave your city council with all the responsibility for meeting your needs, but none of the authority they must have to get the job done.

Not all Californians are alike, nor are all California cities. Why treat them as if they come from the same mold?

DON'T put statewide restrictions on all California cities when local problems should be solved by local laws.

DON'T tie the hands of the people you elect to represent you.

DON'T make it harder to get what you need from City Hall.

DO make sure your city council has the tools it needs to meet your needs.

### VOTE "NO" ON PROPOSITION 62.

LINDA BRODER

*President, League of Women Voters of California*

LENNY GOLDBERG

*Executive Director, California Tax Reform Association*

DANIEL A. TERRY

*President, Federated Firefighters of California*

## Rebuttal to Argument Against Proposition 62

The argument against Proposition 62 says nothing at all about the real objective of Proposition 62. The real objective is winning back your right to vote.

Lincoln said it best: "Government of, by and for the people."

The opponents' argument makes it clear—

1. They want to deny the people's right to vote on tax raises the people would have to pay.

2. They want government to control the people by unlimited taxation rather than people controlling the government.

3. They say this proposition "interferes with local control." Local control by whom? Certainly, not the people.

Recently, some 108 local governments have raised taxes

more than 300 million dollars with no vote of the people. Unless Proposition 62 passes, you can expect much higher taxes from local government every year and you won't have a say.

It is in your interest to vote YES ON PROPOSITION 62.

It will bring back rights the State Supreme Court took away from us, which we won with Proposition 13.

HOWARD JARVIS

*Author of Proposition 13*

*Chairman, California Tax Reduction Movement*

PAUL CARPENTER (D)

*State Senator, 33rd District*

JOHN J. LYNCH

*Deputy Assessor, Los Angeles County*



**Official Title and Summary Prepared by the Attorney General**

**OFFICIAL STATE LANGUAGE. INITIATIVE CONSTITUTIONAL AMENDMENT.** Provides that English is the official language of State of California. Requires Legislature to enforce this provision by appropriate legislation. Requires Legislature and state officials to take all steps necessary to ensure that the role of English as the common language of the state is preserved and enhanced. Provides that the Legislature shall make no law which diminishes or ignores the role of English as the common language. Provides that any resident of or person doing business in state shall have standing to sue the state to enforce these provisions. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: This measure would have no direct effect on the costs or revenues of the state or local governments.

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**Analysis by the Legislative Analyst****Background**

The California Constitution does not confer any special status on the English language.

**Proposal**

This constitutional amendment declares that English is the official language of the State of California. It directs the Legislature to enact appropriate legislation to preserve the role of English as the state's common language. In addition, it prohibits the Legislature from passing laws which diminish or ignore the role of English as the state's common language.

**Fiscal Effect**

This measure would have no effect on the costs or revenues of the state and local governments.

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**Make the power connection . . . register and vote!**

Norma Webb, Redding



### 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 the Constitution by adding sections thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

#### PROPOSED AMENDMENT TO ARTICLE III

Section 1. Section 6 is added to Article III of the Constitution to read as follows:

*SEC. 6. (a) Purpose.*

*English is the common language of the people of the United States of America and the State of California. This section is intended to preserve, protect and strengthen the English language, and not to supersede any of the rights guaranteed to the people by this Constitution.*

*(b) English as the Official Language of California.*

*English is the official language of the State of California.*

*(c) Enforcement.*

*The Legislature shall enforce this section by appropriate legislation. The Legislature and officials of the State of California shall take all steps necessary to insure that the role of English as the common language of the State of California is preserved and enhanced. The Legislature shall make no law which diminishes or ignores the role of English as the common language of the State of California.*

*(d) Personal Right of Action and Jurisdiction of Courts.*

*Any person who is a resident of or doing business in the State of California shall have standing to sue the State of California to enforce this section, and the Courts of record of the State of California shall have jurisdiction to hear cases brought to enforce this section. The Legislature may provide reasonable and appropriate limitations on the time and manner of suits brought under this section.*

*Section 2. Severability*

*If any provision of this section, or the application of any such provision to any person or circumstance, shall be held invalid, the remainder of this section to the extent it can be given effect shall not be affected thereby, and to this end the provisions of this section are severable.*

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**It does make a difference. Show your interest . . . Vote.**

Jerrie Bruce, San Diego



## Argument in Favor of Proposition 63

The State of California stands at a crossroads. It can move toward fears and tensions of language rivalries and ethnic distrust. Or it can reverse that trend and strengthen our common bond, the English language.

Our immigrants learned English if they arrived not knowing the language. Millions of immigrants now living have learned English or are learning it in order to participate in our culture. With one *shared* language we learn to respect other people, other cultures, with sympathy and understanding.

Our American heritage is now threatened by language conflicts and ethnic separatism. Today, there is a serious erosion of English as our common bond. This amendment reaffirms California's oneness as a state, and as one of fifty states united by a common tongue.

This amendment establishes a broad principle: English is the official language of California. It is entitled to legal recognition and protection as such. No other language can have a similar status. This amendment recognizes in law what has long been a political and social reality.

Nothing in the amendment prohibits the use of languages other than English in unofficial situations, such as family communications, religious ceremonies or private business. Nothing in this amendment forbids teaching foreign languages. Nothing in this amendment removes or reduces any Californian's constitutional rights.

The amendment gives guidance to the Legislature, the Governor and the courts. Government must protect English:

- by passing no law that ignores or diminishes English;
- by issuing voting ballots and materials in English only (except where required by federal law);
- by ensuring that immigrants are taught English as quickly as possible (except as required by federal law);
- by functioning in English, except where public

health, safety and justice require the use of other languages;

- by weighing the effect of proposed legislation on the role of English; and
- by preserving and enhancing the role of English as our common language.

Californians have already expressed themselves decisively. More than a million Californians asked to place this measure on the ballot, the third largest number of petition signatures in California history. In 1984, 70+ percent of California voters, 6,300,000, approved Proposition 38, "Voting Materials in English *ONLY*."

This amendment sends a clear message: English is the official language of California. To function, to participate in our society, we must know English. English is the language of opportunity, of government, of unity. English, in a fundamental sense, is *US*.

Every year California's government makes decisions which ignore the role of English in our state; some may cause irreversible harm. Government's bilingual activities cost millions of taxpayers' dollars each year. This amendment will force government officials to stop and think before taking action.

The future of California hangs in the balance—a state divided or a state united—a true part of the Union. *YES* is for unity—for what is right and best for our state, for our country, and for all of us.

**PLEASE VOTE YES ON PROPOSITION 63—ENGLISH AS THE OFFICIAL LANGUAGE OF CALIFORNIA.**

S. I. HAYAKAWA, Ph.D.

United States Senator, 1977-1982

J. WILLIAM OROZCO

Businessman

STANLEY DIAMOND

Chairman, California English Campaign

## Rebuttal to Argument in Favor of Proposition 63

Proposition 63 doesn't simply make English our "official" language; it seeks to make it California's *only* language. It does *nothing positive* to increase English proficiency. It only punishes those who haven't had a fair opportunity to learn it.

Proposition 63 threatens to isolate those who haven't yet mastered English from essential government services such as 911 emergency operators, public service announcements, schools, and courts. By preventing them from becoming better, more involved citizens while making the transition into American society, Proposition 63 will *discourage* rather than encourage the assimilation of new citizens.

Worse yet, because Proposition 63 amends the *Constitution*, its harmful effects will be virtually *permanent* and *unchangeable*. All governmental bodies, from the State Legislature to local school boards, police and hospitals will be powerless to meet the changing and varying needs of the public.

Proposition 63 is inflexible. It does not contain the ex-

ceptions the proponents claim. It has *no* exception for use of foreign languages where public health, safety and justice require.

Inevitable disputes over the meaning of Proposition 63's sweeping language will mean our government will be dragged into countless, costly lawsuits at taxpayers' expense.

America's greatness and uniqueness lie in the fact that we are a nation of diverse people with a shared commitment to democracy, freedom and fairness. *That* is the common bond which holds our nation and state together. It runs much deeper than the English language.

Proposition 63 breeds intolerance and divisiveness. It betrays our democratic ideals.

Vote NO on Proposition 63!

THE HONORABLE DIANNE FEINSTEIN

Mayor, San Francisco

ART TORRES

State Senator, 24th District

STATE COUNCIL OF SERVICE EMPLOYEES



## Argument Against Proposition 63

This summer we celebrated the 100th anniversary of the Statue of Liberty. That glorious 4th of July brought all Americans together. Now, four months later, Proposition 63 threatens to divide us and tarnish our proud heritage of tolerance and diversity.

This proposition, despite its title, does not preserve English as our common language. Instead, it undermines the efforts of new citizens of our state to contribute to and enter the mainstream of American life.

English is and will remain the language of California. Proposition 63 won't change that. What it *will* do is produce a nightmare of expensive litigation and needless resentment.

Proposition 63 could mean that state and local government must eliminate multilingual police, fire, and emergency services such as 911 telephone operators, thereby jeopardizing the lives and safety of potential victims.

It could mean that court interpreters for witnesses, crime victims, and defendants have to be eliminated.

It could outlaw essential multilingual public service information such as pamphlets informing non-English-speaking parents how to enroll their children in public schools.

Even foreign street signs and the teaching of languages in public schools could be in jeopardy.

We can hope that sensible court decisions will prevent these consequences. But Proposition 63 openly invites costly legal attempts to seek such results. It is certain to set Californian against Californian with tragic consequences.

What makes this especially troubling is that the overwhelming majority of immigrants *want* to learn English. In fact, a recent study shows that 98% of Latin parents say it is essential for their children to read and write English well.

Asians, Latinos and other recent immigrants fill long

waiting lists for English courses at community colleges and adult schools. But this initiative does nothing *positive* to help. For instance, it provides for no increase in desperately needed night and weekend English classes.

The Los Angeles County Board of Supervisors, when faced with a negative local measure like this one, firmly and wisely rejected it by a unanimous, bipartisan vote. On April 21, 1986, they said in part:

"English as the official language resolutions will not help anyone learn English. They will not improve human relations, and they will not lead to a better community. They will create greater intergroup tension and ill will, encourage resentment and bigotry, pit neighbor against neighbor and group against group. They reflect our worst fears, not our best values.

"In many areas . . . non-English-speaking persons have sometimes represented a problem for schoolteachers, service providers, law enforcement officers, who are unable to understand them. The problem will be solved over time as newcomers learn English. It has happened many times before in our history. In the meanwhile . . . common sense . . . good will, sensitivity, and humor will help us through this challenging period."

Well said by public officials representing both sides of the political spectrum.

Proposition 63 is unnecessary. It is negative and counter-productive. It is, in the most fundamental sense, un-American. Vote NO on Proposition 63!

**JOHN VAN DE KAMP**

*Attorney General*

**WILLIE L. BROWN, JR.**

*Speaker, California State Assembly*

**DARYL F. GATES**

*Police Chief, Los Angeles Police Department*

## Rebuttal to Argument Against Proposition 63

When this country was founded, immigrants from all over the world streamed to our shores with one hope—a chance at success. People with divergent backgrounds were forced into close contact, yet the assimilation of these cultures was remarkably constructive. This assimilation into one nation gave us a diversity, a strength and a uniqueness that today we treasure. Every schoolchild learns to marvel at the miracle of the American melting pot.

But the melting pot was not an accident. There was a common thread that tied society together. The common thread in early America and current California was the English language. Proposition 63 will strengthen the English language and invigorate our melting pot. It will not eliminate bilingual police and fire services. It will not prohibit the teaching of foreign languages in our schools. In-

stead, Proposition 63 will serve as a directional marker towards which we as society can point our new immigrants.

The official language proposition is not an attempt to isolate anyone. Indeed, it is the opposite. We want all immigrants to assimilate into our country. We believe to be a success in California and in the United States, you must be proficient in English. We want to cherish and preserve the ethnic diversity that adds strength and fiber to our society. Yet we remember the common thread binding us together as Americans is the English language. The melting pot has served this nation for 200 years. The ingredients may have varied, but this is no time to change the recipe. Vote yes on Proposition 63.

**FRANK HILL**

*Member of the Assembly, 52nd District*



## Official Title and Summary Prepared by the Attorney General

**ACQUIRED IMMUNE DEFICIENCY SYNDROME (AIDS). INITIATIVE STATUTE.** Declares that AIDS is an infectious, contagious and communicable disease and that the condition of being a carrier of the HTLV-III virus is an infectious, contagious and communicable condition. Requires both be placed on the list of reportable diseases and conditions maintained by the director of the Department of Health Services. Provides that both are subject to quarantine and isolation statutes and regulations. Provides that Department of Health Services personnel and all health officers shall fulfill the duties and obligations set forth in specified statutory provisions to preserve the public health from AIDS. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: The fiscal effect of the measure could vary greatly depending upon how it would be interpreted by public health officers and the courts. If only existing discretionary communicable disease controls were applied to the AIDS disease, given the current state of medical knowledge, there would be no substantial change in state and local costs as a direct result of this measure. If the measure were interpreted to require added control measures, depending upon the level of activity taken, the cost of implementing these measures could range to hundreds of millions of dollars per year.

## Analysis by the Legislative Analyst

### Background

Acquired immune deficiency syndrome (AIDS) is a disease that impairs the body's normal ability to resist harmful diseases and infections. The disease is caused by a virus that is spread through intimate sexual contact or exposure to the blood of an infected person. As of the preparation of this analysis, there was no readily available method to detect whether a person actually has the AIDS virus. A test does exist to detect whether a person has ever been infected with the AIDS virus and as a result has developed antibodies to it. A person infected with the AIDS virus may or may not develop the AIDS disease after a period of several years. There is no known cure for AIDS, which is ultimately fatal.

As of June 30, 1986, there were 5,188 cases of AIDS and 2,406 deaths from the disease in California. The State Department of Health Services estimates that up to 500,000 persons in California are infected with the AIDS virus, and that by 1990 there will be approximately 30,000 cases of AIDS in the state.

**Existing Laws Covering Communicable Diseases.** Local health officers have broad authority to take measures they believe are necessary to protect public health and prevent the spread of disease-causing organisms. However, this broad authority is limited to situations where there is a reasonable belief that the individual affected has or may have the disease and poses a danger to the public. The kind of measure taken by health officers varies, depending on how easily an organism is spread from one person to another. For example, to prevent the spread of a disease, local health officers may require isolation of infected or diseased persons and quarantine of exposed persons. In addition, persons infected with a disease-causing organism may be excluded from schools for the duration of the infection and excluded from food handling jobs. In some cases, these measures may be applied to persons suspected of having the infection or the disease.

**Current AIDS Reporting Requirements.** Physicians and other health care providers are now required to re-

port cases of certain listed communicable diseases to local health officers who, in turn, report the cases to the State Department of Health Services. At the time this analysis was prepared, AIDS was not on the list of communicable diseases that must be reported to local health officers. However, AIDS is being reported under a regulation which requires an unusual disease, not listed as a communicable disease, to be reported by local health officers.

Under other provisions of law, hospitals are required to report cases of AIDS to local health officers who, in turn, report the cases to the State Department of Health Services. Counties also report to the state the number of cases in which blood tests performed at certain facilities reveal the presence of antibodies to the AIDS virus, indicating that a person has been infected with the virus. Existing law does not allow the release of the names or other identifying information for persons who take the AIDS antibody test.

According to the State Department of Health Services, persons who have AIDS and persons who are capable of spreading the AIDS virus are subject to existing communicable disease laws. However, no health officer has ever taken any official action to require persons infected with the AIDS virus to be isolated or quarantined, because there is no medical evidence which demonstrates that the AIDS virus is transmitted by casual contact with an infected person. In addition, no health officer has recommended excluding persons with AIDS, or those who are capable of spreading AIDS, from schools or jobs.

### Proposal

This measure declares that AIDS and the "condition of being a carrier" of the virus that causes AIDS are communicable diseases. The measure also requires the State Department of Health Services to add these conditions to the list of diseases that must be reported. Because AIDS cases are already being reported, the measure would require the reporting of those who are "carriers of the AIDS virus." Currently, no test to make this determination is readily available.



The measure also states that the Department of Health Services and all health officers "shall fulfill all of the duties and obligations specified" under the applicable laws "in a manner consistent with the intent of this act." Although the meaning of this language could be subject to two different interpretations, it most likely means that the laws and regulations which currently apply to other communicable diseases shall also apply to AIDS and the "condition of being a carrier" of the AIDS virus. Thus, health officers would continue to exercise their discretion in taking actions necessary to control this disease. Based on existing medical knowledge and health department practices, few, if any, AIDS patients and carriers of the AIDS virus would be placed in isolation or under quarantine. Similarly, few, if any, persons would be excluded from schools or food handling jobs. If, however, the language is interpreted as placing new requirements on health officers, it could result in new actions such as expanding testing programs for the AIDS virus, imposing isolation or quarantine of persons who have the disease, and excluding persons infected with the AIDS virus from schools and food handling positions.

#### Fiscal Effect

The fiscal effect of this measure could vary greatly, depending on how it would be interpreted by state and local health officers and the courts. If existing *discretionary*

communicable disease controls were applied to the AIDS disease, there would be *no* substantial net change in state and local costs as a *direct* result of this measure. Thus, the primary effect of this measure would be to require the reporting of persons who are carriers of the virus which causes AIDS. Very few cases would be reported because no test to confirm that a person carries the virus is readily available. If such a test becomes widely available in the future, more cases would be reported.

The fiscal impact could be very substantial if the measure were interpreted to require changes in AIDS control measures by state and local health officers, either voluntarily or as a result of a change in medical knowledge on how the disease is spread, or as a result of court decisions which mandate certain control measures. Ultimately, the fiscal impact would depend on the level of activity that state and local health officers might undertake with respect to: (1) identifying, isolating and quarantining persons infected with the virus, or having the disease, and (2) excluding those persons from schools or food handling positions. The cost of implementing these actions could range from millions of dollars to hundreds of millions of dollars per year.

In summary, the net fiscal impact of this measure is unknown—and could vary greatly, depending on what actions are taken by health officers and the courts to implement this measure.

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### 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 proposes to add new provisions to the law; therefore, the new provisions proposed to be added are printed in *italic type* to indicate that they are new.

#### PROPOSED LAW

##### Section 1.

*The purpose of this Act is to:*

A. *Enforce and confirm the declaration of the California Legislature set forth in Health and Safety Code Section 195 that acquired immune deficiency syndrome (AIDS) is serious and life threatening to men and women from all segments of society, that AIDS is usually lethal and that it is caused by an infectious agent with a high concentration of cases in California;*

B. *Protect victims of acquired immune deficiency syndrome (AIDS), members of their families and local communities, and the public health at large; and*

C. *Utilize the existing structure of the State Department of Health Services and local health officers and the statutes and regulations under which they serve to preserve the public health from acquired immune deficiency syndrome (AIDS).*

##### Section 2.

*Acquired immune deficiency syndrome (AIDS) is an infectious, contagious and communicable disease and the condition of being a carrier of the HTLV-III virus is an infectious, contagious and communicable condition and both shall be placed and maintained by the director of the Department of Health Services on the list of reportable diseases and conditions mandated by Health and Safety Code Section 3123, and both shall be included within the provisions of Division 4 of such code and the rules and regulations set forth in Administrative Code Title 17, Part 1, Chapter 4, Subchapter 1, and all personnel of the Department of Health Services and all health officers shall fulfill all of the duties and obligations specified in each and all of the sections of said statutory division and administrative code subchapter in a manner consistent with the intent of this Act, as shall all other persons identified in said provisions.*

##### Section 3.

*In the event that any section, subsection or portion thereof of this Act is deemed unconstitutional by a proper court of law, then that section, subsection or portion thereof shall be stricken from the Act and all other sections, subsections and portions thereof shall remain in force, alterable only by the people, according to process.*



## Arguments in Favor of Proposition 64

Proposition 64 extends existing public health codes for communicable diseases to AIDS and AIDS virus carriers. This means that the same public health codes that already protect you and your family from other dangerous diseases will also protect you from AIDS. Proposition 64 will keep AIDS out of our schools, out of commercial food establishments, and will give health officials the power to test and quarantine where needed. These measures are not new; they are the same health measures applied, *by law*, every day, to every other dangerous contagious disease.

Today AIDS is out of control. There are at least 300,000 AIDS carriers in California, and the number of cases of this highly contagious disease is doubling every 6 to 12 months. The number of "unexplained" AIDS cases—cases not in "high-risk" groups, such as homosexuals and intravenous drug users—continues to grow at alarming rates. Indeed, the majority of cases worldwide fall into no identifiable "risk group" whatsoever. The AIDS virus has been found living in many bodily fluids, including blood, saliva, respiratory fluids, sweat, and tears, and it can survive upwards of seven days outside the body. There presently exist no cure for the sick and no vaccination for the healthy. It is 100% lethal.

AIDS is the gravest public health threat our nation has ever faced. The existing law of California clearly states that certain proven public health measures *must* be taken to protect the public from *any* communicable disease, and no competent medical professional denies that AIDS is "communicable." Despite these facts, politicians and special interest groups have circumvented the public health laws. For the first time in our history, a deadly disease is being treated as a "civil rights" issue, rather than as a public health issue.

The medical facts are clear. The law is clear. Common sense agrees. You and your family have the right to be protected from *all* contagious diseases, including AIDS—the deadliest of them all. If you agree, vote YES on Proposition 64.

**KHUSHRO GHANDHI**

*California Director, National Democratic Policy Committee (NDPC), and Member-elect, Los Angeles County Democratic Party Central Committee*

**JOHN GRAUERHOLZ, M.D., FCAP**

*(Fellow, College of American Pathologists)*

California law today makes it illegal for public health authorities to be informed of a large number of those (about 385,000) who can spread the deadly AIDS virus to others. How can they take the necessary steps to slow its spread as long as this is true?

Under existing law, a physician who encounters any of 58 reportable diseases is required to report to health officials. Included are several venereal diseases, such as syphilis and gonorrhea. Contact tracing is conducted. But, for those with the AIDS virus, not yet developed into AIDS, a special state law passed at the request of the male homosexual lobby prohibits contact tracing. Proposition 64 will require that those with the AIDS virus be reported as are other communicable diseases. It does not require quarantine.

The cost of the AIDS epidemic in California, it is estimated, will be at least 59,400 lives by 1991 and almost \$6 billion to be paid by insurance and/or taxpayers. Let's reduce those statistics by voting YES on Proposition 64.

**WILLIAM E. DANNEMEYER**

*Member of Congress, 39th District*

## Rebuttal to Arguments in Favor of Proposition 64

Would you let a stranger with no medical training or medical background diagnose a disease or illness that you have? Would you let a political extremist dictate medical policy? **OF COURSE NOT.**

The followers of Lyndon LaRouche suggest that the hands of the medical community have been tied. **THIS IS NOT TRUE!** In fact, the California Medical Association, the California Nurses Association, the California Hospital Association and other health professionals believe that Proposition 64 *would seriously hurt* their ability to treat and find a cure for AIDS. These health professionals are seriously concerned that years of research will be undermined by fear generated by this irrational proposition.

NO ONE has contracted AIDS from casual contact at a

restaurant, grocery store, or in the workplace. Think for a moment. If it were true that AIDS is casually transmitted, clearly many more men, women and children would be ill. *This is just not the fact.*

The followers of Lyndon LaRouche are at it again! Using partial truths and falsehoods, they are attempting to create panic in California. Say NO to PANIC. Vote NO on Proposition 64.

**HELEN MIRAMONTES, R.N., M.S., CCRN**

*President, California Nurses Association*

**C. DUANE DAUNER**

*President, California Hospital Association*

**GLADDEN V. ELLIOTT, M.D.**

*President, California Medical Association*



## Argument Against Proposition 64

Proposition 64 must be defeated for the *safety and public health* of all Californians. It is an irrational, inappropriate and misguided approach to a serious public health problem. The proponents of this measure are followers of extremist Lyndon LaRouche. They want to create an atmosphere of *fear, misunderstanding, inadequate health care and panic*. In fact, the acronym of their campaign committee is PANIC.

*Public health decisions must be left in the hands of the medical profession and public health officials or we will endanger the lives of Californians.* The California Medical Association and county public health officials recognize the danger of allowing political extremists to dictate state public health and medical policy.

This type of repressive and discriminatory action forced upon Californians by followers of Lyndon LaRouche will not serve to limit the problem, *but rather could prolong the spread of this terrible disease.* The fear of quarantine or other discriminatory measures, including loss of jobs, will make people reluctant to be tested. Fearing social isolation, individuals at risk will avoid early medical intervention, or even infection testing, driving AIDS underground.

Enforcement of this measure *could cost the taxpayers*

*billions of dollars* to quarantine and isolate AIDS carriers and could require public health officials to do so. Quarantine would serve no medical purpose because *there are no documented cases of AIDS ever being transmitted by casual contact.*

Californians from all walks of life know they must unite to end this dreadful epidemic. Californians can be proud that doctors and public health officials have acted in a professional, rational and responsible manner to protect the health of Californians and have taken all appropriate precautions as they are needed. *This kind of initiative can only divide, create panic and force thousands not to get tested or treated because of fear.*

Join us, the *Los Angeles Times, The Los Angeles Herald Examiner, San Francisco Examiner, the California Medical Association*, and many others in opposing the extremes of followers of Lyndon LaRouche. Vote NO on *Proposition 64!*

GLADDEN V. ELLIOTT, M.D.  
*President, California Medical Association*

ED ZSCHAU  
*Member of Congress, 12th District*

ALAN CRANSTON  
*United States Senator*

## Rebuttal to Argument Against Proposition 64

Opponents of Proposition 64 have spent a great deal of rhetoric, while avoiding medical issues.

The facts:

- Health officials' failure to implement existing public health laws has resulted in nearly 500,000 people infected in California, each capable of infecting others.

- AIDS is the most rapidly spreading lethal disease in the country.

- Of those infected, between 40% and 99% will probably die—between 200,000 and 500,000 deaths in California—and AIDS is doubling every year.

- The vast majority of AIDS cases worldwide lie *outside* "high risk" groups. The victims are *not* homosexuals, and are *not* intravenous drug users. In Haiti, three years ago, 70% of AIDS cases were in "high risk" groups. Today, over 70% are *not* in "high risk" groups. Could this happen here? It can and it will, unless we stop it.

- Do we know with certainty how AIDS spreads? We do

not. The majority of cases have *never been studied.*

- Many health officials are demanding public health measures. Dr. Kizer, California's top health official, has called for more reporting and testing powers.

- The AIDS virus exists in many bodily effluents and survives outside the body.

Proposition 64 implements the *existing* health laws; laws scientifically designed to protect your health; laws which have been ruled constitutional by courts for decades.

Don't gamble with human life. Vote YES on Proposition 64.

GUS S. SERMOS  
*Former Centers for Disease Control Public Health Adviser  
with AIDS Program in Florida*

NANCY T. MULLAN, M.D.  
*Burbank*

JOHN GRAUERHOLZ, M.D., FCAP  
*(Fellow, College of American Pathologists)*



## Official Title and Summary Prepared by the Attorney General

**RESTRICTIONS ON TOXIC DISCHARGES INTO DRINKING WATER; REQUIREMENT OF NOTICE OF PERSONS' EXPOSURE TO TOXICS. INITIATIVE STATUTE.** Provides persons doing business shall neither expose individuals to chemicals known to cause cancer or reproductive toxicity without first giving clear and reasonable warning, nor discharge such chemicals into drinking water. Allows exceptions. Requires Governor publish lists of such chemicals. Authorizes Attorney General and, under specified conditions, district or city attorneys and other persons to seek injunctions and civil penalties. Requires designated government employees obtaining information of illegal discharge of hazardous waste disclose this information to local board of supervisors and health officer. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Costs of enforcement of the measure by state and local agencies are estimated at \$500,000 in 1987 and thereafter would depend on many factors, but could exceed \$1,000,000 annually. These costs would be partially offset by fines collected under the measure.

## Analysis by the Legislative Analyst

### Background

Currently, the state has a number of programs designed to protect people against possible exposures to harmful chemicals. The major programs involve the regulation of:

- **Waste Discharges.** The State Water Resources Control Board and the regional water quality control boards regulate the discharge of wastes into state waters, including rivers, streams, and groundwater that may be used as sources of drinking water. The Department of Health Services regulates the disposal and cleanup of hazardous waste, including hazardous waste that may contaminate drinking water.
- **Drinking Water.** Current law prohibits local water agencies from supplying drinking water to the public that contains dangerous levels of certain harmful chemicals. Local water agencies must inform customers when the level of these chemicals exceeds certain limits. The Department of Health Services enforces these limits.
- **Workplace Hazards.** The Department of Industrial Relations regulates exposure to cancer-causing materials and other harmful substances in the workplace. Current law also requires employers to inform workers of possible exposure to dangerous substances.
- **Pesticides.** The Department of Food and Agriculture regulates the use of pesticides in agriculture and in other business applications, such as maintenance of landscaping and golf courses.

These regulatory agencies must make judgments about the amounts of harmful chemicals that can be released into the environment. In doing so, they try to balance what it costs to prevent the release of chemicals against the risks the chemicals pose to public health and safety. As the level of allowable exposure goes down, the cost of prevention typically goes up. The risk that some substances pose to health is not always known. Often, scientists cannot determine precisely the health impact of low-level exposures that occur over 20 or 30 years.

### Proposal

This measure proposes two additional requirements for

businesses employing 10 or more people. First, it generally would prohibit those businesses from knowingly releasing into any source of drinking water any chemical in an amount that is known to cause cancer or in an amount that exceeds 1/1,000th of the amount necessary for an observable effect on "reproductive toxicity." The term "reproductive toxicity" is not defined. Second, the measure generally would require those businesses to warn people before knowingly and intentionally exposing them to chemicals that cause cancer or reproductive toxicity. The measure would require the state to issue lists of substances that cause cancer or reproductive toxicity.

Because these new requirements would result in more stringent standards, the practical effect of the requirements would be to impose new conditions for the issuance of permits for discharges into sources of drinking water. In order to implement the new requirements, state agencies that are responsible for issuing permits would be required to alter state regulations and develop new standards for the amount of chemicals that may be discharged into sources of drinking water.

The measure also would impose civil penalties and increase existing fines for toxic discharges. In addition, the measure would allow state or local governments, or any person acting in the public interest, to sue a business that violates these rules.

### Fiscal Effect

It is estimated that the administrative actions resulting from the enactment of this measure would cost around \$500,000 in 1987. Starting in 1988, the costs of these actions are unknown and would depend on many factors, but these costs could exceed \$1 million annually.

In addition, the measure would result in unknown costs to state and local law enforcement agencies. A portion of these costs could be offset by increased civil penalties and fines collected under the measure.

Beyond these direct effects of the measure, state and local governments may strengthen enforcement activities to ensure compliance with the new requirements. The costs of any additional enforcement could be significant.



## 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 and adds sections 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

#### SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986

**SECTION 1.** The people of California find that hazardous chemicals pose a serious potential threat to their health and well-being, that state government agencies have failed to provide them with adequate protection, and that these failures have been serious enough to lead to investigations by federal agencies of the administration of California's toxic protection programs. The people therefore declare their rights:

(a) To protect themselves and the water they drink against chemicals that cause cancer, birth defects, or other reproductive harm.

(b) To be informed about exposures to chemicals that cause cancer, birth defects, or other reproductive harm.

(c) To secure strict enforcement of the laws controlling hazardous chemicals and deter actions that threaten public health and safety.

(d) To shift the cost of hazardous waste cleanups more onto offenders and less onto law-abiding taxpayers.

The people hereby enact the provisions of this initiative in furtherance of these rights.

**SECTION 2.** Chapter 6.6 (commencing with Section 25249.5) is added to Division 20 of the Health and Safety Code, to read:

#### CHAPTER 6.6.

#### SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986

**25249.5. Prohibition On Contaminating Drinking Water With Chemicals Known to Cause Cancer or Reproductive Toxicity.** No person in the course of doing business shall knowingly discharge or release a chemical known to the state to cause cancer or reproductive toxicity into water or onto or into land where such chemical passes or probably will pass into any source of drinking water, notwithstanding any other provision or authorization of law except as provided in Section 25249.9.

**25249.6. Required Warning Before Exposure To Chemicals Known to Cause Cancer Or Reproductive Toxicity.** No person in the course of doing business shall knowingly and intentionally expose any individual to a chemical known to the state to cause cancer or reproductive toxicity without first giving clear and reasonable warning to such individual, except as provided in Section 25249.10.

#### **25249.7. Enforcement.**

(a) Any person violating or threatening to violate Section 25249.5 or Section 25249.6 may be enjoined in any court of competent jurisdiction.

(b) Any person who has violated Section 25249.5 or Section 25249.6 shall be liable for a civil penalty not to exceed \$2500 per day for each such violation in addition to any other penalty established by law. Such civil penalty may be assessed and recovered in a civil action brought in any

court of competent jurisdiction.

(c) Actions pursuant to this section may be brought by the Attorney General in the name of the people of the State of California or by any district attorney or by any city attorney of a city having a population in excess of 750,000 or with the consent of the district attorney by a city prosecutor in any city or city and county having a full-time city prosecutor, or as provided in subdivision (d).

(d) Actions pursuant to this section may be brought by any person in the public interest if (1) the action is commenced more than sixty days after the person has given notice of the violation which is the subject of the action to the Attorney General and the district attorney and any city attorney in whose jurisdiction the violation is alleged to occur and to the alleged violator, and (2) neither the Attorney General nor any district attorney nor any city attorney or prosecutor has commenced and is diligently prosecuting an action against such violation.

#### **25249.8. List Of Chemicals Known to Cause Cancer Or Reproductive Toxicity.**

(a) On or before March 1, 1987, the Governor shall cause to be published a list of those chemicals known to the state to cause cancer or reproductive toxicity within the meaning of this chapter, and he shall cause such list to be revised and republished in light of additional knowledge at least once per year thereafter. Such list shall include at a minimum those substances identified by reference in Labor Code Section 6382(b)(1) and those substances identified additionally by reference in Labor Code Section 6382(d).

(b) A chemical is known to the state to cause cancer or reproductive toxicity within the meaning of this chapter if in the opinion of the state's qualified experts it has been clearly shown through scientifically valid testing according to generally accepted principles to cause cancer or reproductive toxicity, or if a body considered to be authoritative by such experts has formally identified it as causing cancer or reproductive toxicity, or if an agency of the state or federal government has formally required it to be labeled or identified as causing cancer or reproductive toxicity.

(c) On or before January 1, 1989, and at least once per year, thereafter, the Governor shall cause to be published a separate list of those chemicals that at the time of publication are required by state or federal law to have been tested for potential to cause cancer or reproductive toxicity but that the state's qualified experts have not found to have been adequately tested as required.

(d) The Governor shall identify and consult with the state's qualified experts as necessary to carry out his duties under this section.

(e) In carrying out the duties of the Governor under this section, the Governor and his designates shall not be considered to be adopting or amending a regulation within the meaning of the Administrative Procedure Act as defined in Government Code Section 11370.

#### **25249.9. Exemptions from Discharge Prohibition.**

(a) Section 25249.5 shall not apply to any discharge or release that takes place less than twenty months subsequent to the listing of the chemical in question on the list required to be published under subdivision (a) of Section 25249.8.

(b) Section 25249.5 shall not apply to any discharge or release that meets both of the following criteria:

(1) The discharge or release will not cause any significant amount of the discharged or released chemical to

Continued on page 62



## Restrictions on Toxic Discharges into Drinking Water; Requirement of Notice of Persons' Exposure to Toxics. Initiative Statute

### Argument in Favor of Proposition 65

Nearly every week sees a new toxic catastrophe. Children in Fullerton, Riverside, McFarland, Sacramento, and San Jose have already been exposed to chemicals that may make them sterile or give them cancer.

There are certain chemicals that are scientifically known—not merely suspected, but known—to cause cancer and birth defects. Proposition 65 would:

- Keep these chemicals out of our drinking water.
- Warn us before we're exposed to any of these dangerous chemicals.
- Give private citizens the right to enforce these laws in court.
- Make government officials tell the public when an illegal discharge of hazardous waste could cause serious harm.

The cost to taxpayers will be negligible, according to the Attorney General's official estimate.

Our present toxic laws aren't tough enough. Despite them, polluters contaminate our drinking water and expose us to extremely toxic chemicals without our knowing it. The health of innocent people is jeopardized. And the public must pay massive costs for cleanup.

The Governor's Toxics Task Force found:

- Toxic chemicals can cause cancer, birth defects, and genetic damage.
- Much of our drinking water is polluted by toxic chemicals.
- Exposure to toxics costs Californians more than \$1.3 billion per year in medical care, lost income, and deaths.

Proposition 65 turns that report into action, with requirements that are clear, simple, and straightforward.

Proposition 65 gets tough on toxics.

#### SAFE DRINKING WATER

Proposition 65 singles out chemicals that are scientifically known to cause cancer or reproductive disorders (such as birth defects). Effectively, it tells businesses: Don't put these chemicals into our drinking water supplies.

#### WARNING BEFORE EXPOSURE

Proposition 65 also tells businesses: Don't expose us to any of

these same chemicals without first giving us a clear warning. We each have a right to know, and to make our own choices about being exposed to these chemicals.

#### TOUGHER ENFORCEMENT

Both public prosecutors and ordinary citizens can enforce these health protections directly in court.

Proposition 65 also toughens enforcement for criminal laws already on the books. Fines and jail terms are doubled for toxic crimes like midnight dumping. Police and prosecutors are given extra rewards for enforcing toxics laws.

Proposition 65's new civil offenses focus only on chemicals that are *known to the state* to cause cancer or reproductive disorders. Chemicals that are only suspect are not included. The Governor must list these chemicals, after full consultation with the state's qualified experts. At a minimum, the Governor must include the chemicals already listed as known carcinogens by two organizations of the most highly regarded national and international scientists: the U.S.'s National Toxicology Program and the U.N.'s International Agency for Research on Cancer.

These new laws will not take anyone by surprise. They apply only to businesses that *know* they are putting one of the chemicals out into the environment, and that *know* the chemical is actually on the Governor's list.

Proposition 65 will give California the clearest, most effective toxic control laws in the nation.

**VOTE YES ON PROPOSITION 65.**

#### IRA REINER

*District Attorney, Los Angeles County*

#### ART TORRES

*State Senator, 24th District  
Chair, Senate Toxics and Public Safety  
Management Committee*

#### PENNY NEWMAN

*Chair, Concerned Neighbors in Action (Stringfellow Acid Pits)*

### Rebuttal to Argument in Favor of Proposition 65

**WE JOIN SCIENTISTS, HEALTH PROFESSIONALS AND FARMERS IN URGING A "NO" VOTE ON PROPOSITION 65.**

Everybody wants safe drinking water. Proposition 65 simply won't give it to us.

**PROPOSITION 65 WILL NOT PRODUCE SAFE DRINKING WATER.**

**FACT:** Proposition 65 EXEMPTS the biggest water polluters in the state.

**FACT:** Proposition 65 limits funds available to district attorneys to enforce the law.

**FACT: IT UNDERMINES CALIFORNIA TOXICS LAW—THE TOUGHEST IN THE COUNTRY.**

**PROPOSITION 65 WON'T PRODUCE USEFUL WARNINGS.**

It requires "warnings" on millions of ordinary and safe items. We won't know what products are really dangerous anymore. **THE WARNINGS WE REALLY NEED WILL GET LOST IN LOTS OF WARNINGS WE DON'T NEED.**

**PROPOSITION 65 IS THE WRONG APPROACH.**

A leading spokesman for the proponents recently said, "We have plenty of laws on the books already . . . you can't clean up anything by loading on more legislation."

We couldn't agree more.

**FACT:** Toxics enforcement personnel has increased 48% in

the last four years.

**FACT:** The toxics cleanup budget has increased nearly 150% in the last four years.

**FACT:** Several million dollars in fines have already been collected, used for cleanup and future enforcement.

Proposition 65 will take environmental regulation out of the hands of lawmakers and prosecutors and create a system of vigilante justice with bounty hunters seeking rewards.

**PROPOSITION 65 IS FILLED WITH EXCEPTIONS, HURTS FARMERS, AND WILL NOT GIVE US SAFE DRINKING WATER.**

**VOTE NO** on the Toxics Initiative.

**VOTE NO** on Proposition 65.

#### EDWARD R. JAGELS

*District Attorney, Kern County*

#### MICHELE BEIGEL CORASH

*Former General Counsel  
U.S. Environmental Protection Agency*

#### CATHIE WRIGHT

*Member of the Assembly, 37th District  
Member, Assembly Committee on Environmental  
Safety and Toxic Materials*



# Restrictions on Toxic Discharges into Drinking Water; Requirement of Notice of Persons' Exposure to Toxics. Initiative Statute

65

## Argument Against Proposition 65

TOXIC POLLUTION IS A SERIOUS MATTER REQUIRING SERIOUS ATTENTION. Proposition 65 is a *simplistic response to a complex problem.*

As scientists, health professionals, and farmers, we are on *solid ground* when we say that *Proposition 65 is faulty* from a scientific point of view, is so *full of exemptions* as to be meaningless from a health point of view, and is *unfair and devastating to farmers.*

**FACT: UNDER PROPOSITION 65 THE GOVERNMENT AND MANY BUSINESSES ARE EXEMPT.**

- Publicly owned nuclear power plants **ARE EXEMPT!**
- Cities which dump raw sewage into freshwater streams **ARE EXEMPT!**
- Public water systems **ARE EXEMPT!**
- Military bases which contaminate residential drinking water **ARE EXEMPT!**
- County landfills **ARE EXEMPT!**
- Thousands of businesses **WOULD BE EXEMPT.**
- A GOOD LAW APPLIES EVENLY AND EQUALLY TO EVERYONE.
- This is a bad law made worse because it is *loaded with exemptions.*

**FACT: PROPOSITION 65 UNFAIRLY TARGETS CALIFORNIA FARMERS.**

Normally, manufacturers—not users—must prove the safety of their product. But Proposition 65 *puts that burden on farmers.*

Many common fertilizers, weed and pest control materials—perfectly safe when properly used—*would be effectively banned for most farmers*—but allowed for many nonfarmers.

**FARMERS MAY EVEN HAVE TO STOP IRRIGATING.**

Farmers are having a tough time as it is providing quality food, in adequate supply, at the lowest possible price. Proposition 65 would add to their burden and may be the final straw to break the back of many.

**FACT: PROPOSITION 65'S BOUNTY HUNTER PROVISION IS A BONANZA FOR PRIVATE LAWYERS.**

Proposition 65 creates a lawyer's paradise: anyone can sue; almost anyone can be sued. People who sue will get a reward from penalties collected. *Thus, environmental regulation is taken from the hands of government regulators and prosecutors and*

*handed to private lawyers and judges.*

**WE HAVE THE LAWS; WE NEED BETTER ENFORCEMENT.**

We have many thoughtful laws relating to toxic pollution on the books. They include:

- Porter-Cologne Water Quality Act.
- Toxic Air Contaminants Program.
- Water Supply Testing Program.
- Pesticide Contamination Prevention Act.
- Birth Defect Prevention Act.
- Toxics Pit Clean-up Act.

*Over 50 new laws have been passed in the last two years to control chemicals and toxics.*

*We need to build on the system we have, not abandon it in favor of extreme "solutions."*

The simple *scientific fact* of the matter is that manmade carcinogens represent only a tiny fraction of the total carcinogens we are exposed to, most of which are natural substances such as tobacco, alcohol, and chemicals in green plants. Significant amounts of manmade carcinogens are highly regulated in California under the most stringent laws in the United States. This initiative will result in chasing after trivial amounts of manmade carcinogens at *enormous cost* with minimal benefit to our health.

*We're concerned about safer, cleaner drinking water. And we're concerned that we get there in an intelligent, rational and fair manner.*

Proposition 65 just won't do that.

**We urge you to VOTE NO ON THE TOXICS INITIATIVE.**  
Vote no on PROPOSITION 65.

**DR. BRUCE AMES**

*Chairman, Department of Biochemistry,  
University of California, Berkeley*

**HENRY VOSS**

*President, California Farm Bureau*

**ALICE OTTOBONI, Ph.D.**

*Toxicology Staff Toxicologist, California  
Department of Health Services, Rtd.*

## Rebuttal to Argument Against Proposition 65

Who's really against Proposition 65?

The big oil and chemical companies are leading the opposition—because they know they would be forced to stop dumping extremely dangerous chemicals into your drinking water if Proposition 65 passes. The existing laws don't stop them. Proposition 65 will. That's why they're spending millions of dollars on a misleading media campaign.

**DON'T BE FOOLED.**

Proposition 65 simply says that businesses shouldn't put chemicals that are scientifically known to cause cancer, or birth defects, into your drinking water. And that they must warn you before they expose you to such a chemical.

• Proposition 65 means tougher law enforcement. It will help prosecutors put polluters in jail. That's why the California District Attorneys Association has endorsed it.

• Proposition 65 applies equally to all businesses in California, except for the smallest businesses (those with fewer than 10 employees).

• Proposition 65 applies to the big businesses that produce more than 90% of all hazardous waste in California (according to official state estimates).

• Proposition 65 treats farmers exactly the same as everyone else—no tougher, no easier. Small family farms, like other small businesses, are exempt.

• Proposition 65 is based strictly on scientific testing, more than any existing toxics law.

• Proposition 65 does not apply to insignificant (safe) amounts of chemicals.

• Proposition 65 will not in any way weaken any of California's existing protections in toxics law.

**DON'T BE FOOLED BY THE BIG POLLUTERS.**

*Vote YES on Proposition 65!*

**GET TOUGH ON TOXICS!**

**ARTHUR C. UPTON, M.D.**

*Former Director, National Institutes of Health*

**NORMAN W. FREESTONE, JR.**

*Farmer, Visalia*

**ALBERT H. GERSTEN, JR.**

*Businessman; Member, Little Hoover Commission*



## Proposition 53 Text of Proposed Law

Continued from page 5

tive maturity dates of the bonds then offered for sale at the coupon rate or rates specified in the bid, the computation to be made on a 360-day-year basis.

17696.7. The committee may authorize the Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the Treasurer.

17696.8. All proceeds from the sale of the bonds herein authorized deposited in the fund, as provided in Section 16757 of the Government Code, except those derived from premium and accrued interest, shall be available for the purpose herein provided, but shall not be available for transfer to the General Fund pursuant to Section 17695.25 to pay principal and interest on bonds.

17696.9. With respect to the proceeds of bonds author-

ized by this chapter, all provisions of Chapter 22 (commencing with Section 17700) shall apply.

17696.95. Out of the first money realized from the sale of bonds under this chapter, there shall be repaid any moneys advanced or loaned to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act.

17696.96. Not more than three hundred sixty million dollars (\$360,000,000) of the moneys authorized by this chapter shall be reserved for the reconstruction or modernization of facilities within the meaning of Chapter 22 (commencing with Section 17700).

17696.98. An amount not to exceed 5 percent of the proceeds from the sale of bonds pursuant to this chapter may be used to purchase and install air-conditioning equipment and insulation materials pursuant to Section 17717.6.

## Proposition 55 Text of Proposed Law

Continued from page 13

the committee may act for the committee.

13895.7. There is in the State Treasury the California Safe Drinking Water Fund, which fund is hereby created.

13895.8. The committee may create a debt or debts, liability or liabilities, of the State of California, in an aggregate amount of one hundred million dollars (\$100,000,000) in the manner provided in this chapter. The debt or debts, liability or liabilities, shall be created for the purpose of providing the money to be used for the objects and works specified in Section 13895.9.

13895.9. (a) An aggregate amount of one hundred million dollars (\$100,000,000) of the moneys in the fund are hereby continuously appropriated and shall be used for the purposes set forth in this section and Section 13898.

(b) The department may enter into contracts with suppliers having authority to construct, operate, and maintain domestic water systems, for loans to suppliers to aid in the construction of projects which will enable the supplier to meet, at a minimum, safe drinking water standards established pursuant to Chapter 7 (commencing with Section 4010) of Part 1 of Division 5 of the Health and Safety Code.

(c) Any contract entered into pursuant to this section may include provisions as agreed by the parties thereto, and the contract shall include, in substance, all of the following provisions:

(1) An estimate of the reasonable cost of the project.

(2) An agreement by the department to loan to the supplier, during the progress of construction or following completion of construction as agreed by the parties, an amount which equals the portion of construction costs found by the department to be eligible for a state loan.

(3) An agreement by the supplier to repay the state over a period not to exceed 50 years, (A) the amount of the loan, (B) the administrative fee as described in Section 13897, and (C) interest on the principal, which is the amount of the loan plus the administrative fee.

(4) An agreement by the supplier, (A) to proceed expeditiously with, and complete, the project, (B) to commence operation of the project upon completion thereof, and to properly operate and maintain the project in accordance with the applicable provisions of law, (C) to apply for, and make reasonable efforts to secure, federal assistance for the project, (D) to secure approval of the department and of the State Department of Health Services before applying for federal assistance in order to maximize and best utilize the amounts of that assistance avail-

able, and (E) to provide for payment of the supplier's share of the cost of the project, if any.

(d) Bond proceeds may be used for a grant program in accordance with this chapter, with grants provided to suppliers that are political subdivisions of the state that are otherwise unable to meet minimum safe drinking water standards established pursuant to Chapter 7 (commencing with Section 4010) of Part 1 of Division 5 of the Health and Safety Code. The total amount of grants made pursuant to this chapter shall not exceed twenty-five million dollars (\$25,000,000).

(e) Notwithstanding any other provision, the proceeds of any bonds authorized to be issued under the California Safe Drinking Water Bond Law of 1976 (Chapter 10.5 (commencing with Section 13850)), and the California Safe Drinking Water Bond Law of 1984 (Chapter 10.2 (commencing with Section 13810)) which are unissued and uncommitted on the effective date of this chapter, shall be used for loans and grants to suppliers in accordance with the terms, conditions, and purposes of this chapter. Loans made after November 6, 1984, pursuant to Chapter 10.2 (commencing with Section 13810) shall carry an interest rate calculated as prescribed in Section 13897.3.

13896. (a) The department may make state grants to suppliers that are political subdivisions of the state, from moneys in the fund available for that purpose pursuant to subdivision (d) of Section 13895.9, to aid in the construction of projects which will enable the public agency to meet, at a minimum, safe drinking water standards established pursuant to Chapter 7 (commencing with Section 4010) of Part 1 of Division 5 of the Health and Safety Code. A grant may be made by the department only upon the specific approval of the Legislature, by an act enacted after the receipt of a report filed pursuant to Section 13896.2

(b) Any contract for a grant entered into pursuant to this chapter may include provisions as agreed by the parties thereto, and the contract shall include, in substance, all of the following provisions:

(1) An estimate of the reasonable cost of the project.

(2) An agreement by the department to grant to the public agency, during the progress of construction or following completion of construction as agreed by the parties, an amount which equals the portion of construction costs found by the department to be eligible for a state grant.

(3) An agreement by the public agency, (A) to proceed expeditiously with, and complete, the project, (B) to commence operation of the project upon completion thereof, and to properly operate and maintain the project in ac-



cordance with the applicable provisions of law, (C) to apply for, and make reasonable efforts to secure, federal assistance for the project, (D) to secure approval of the department and of the State Department of Health Services before applying for federal assistance in order to maximize and best utilize the amounts of that assistance available, and (E) to provide for payment of the public agency's share of the cost of the project, if any.

13896.1. Applications for grants under this chapter shall be made to the department in the form and with the supporting material as prescribed by the department.

13896.2. The department shall prepare a report on each grant application pursuant to this chapter. The report shall be filed with the Legislature, if it is in session or, if it is not in session, with the Joint Rules Committee. The department shall be authorized to make the grant only upon the specific approval of the grant by the Legislature, by an act enacted after the receipt of the report from the department.

13896.3. (a) Loans and grants may be made only for projects for domestic water systems. The State Department of Health Services may make reasonable allowance for future water supply needs and may provide for additional capacity when excessive costs would be incurred by later enlargement. The loans and grants may be made for all, or any part, of the cost of constructing, improving, or rehabilitating any system when, in the judgment of the State Department of Health Services, improvement or rehabilitation is necessary to provide pure, wholesome, and potable water in adequate quantity at sufficient pressure for health, cleanliness, and other domestic purposes. The State Department of Health Services shall determine and notify applicants of eligibility of components requested to be included in the proposed project. The department shall use this determination as a basis for disbursing funds. No single public agency shall receive grants pursuant to this chapter totaling more than four hundred thousand dollars (\$400,000). Loans may be made to provide for the purchase of a water system or the purchase of watershed lands. No loan to an individual supplier shall exceed the sum of five million dollars (\$5,000,000), unless the Legislature by an act raises the limit specified in this section.

(b) Upon receipt of an application for a grant or loan pursuant to this chapter, the department shall propose to the applicant improvements to the applicant's water development, distribution, and utilization system which will conserve water in a cost-effective manner. These improvements may include, but need not be limited to, leak detection and repair programs, valve repair and replacement, meter calibration and replacement, physical improvements to achieve corrosion control, distribution and installation of water conservation devices and fixtures, and other capital improvements which can be demonstrated to conserve water in a cost-effective manner. The department and applicant may agree to include these capital improvements in the grant or loan. Failure by the applicant to include water conservation capital improvements in the grant or loan application shall not be sufficient cause for the department to refuse to make the grant or loan.

13896.4. An application for a grant pursuant to this chapter shall not be approved by the department, unless the department determines that the public agency is otherwise unable to meet minimum safe drinking water standards established pursuant to Chapter 7 (commencing with Section 4010) of Part 1 of Division 5 of the Health and Safety Code.

No grant shall be made by the department except upon approval by the State Department of Health Services of project plans submitted by the applicant and upon written

approval by the State Department of Health Services that the proposed project is consistent with Chapter 7 (commencing with Section 4010) of Part 1 of Division 5 of the Health and Safety Code.

13896.5. First priority for grants shall be granted to public agencies having immediate health related problems, as certified by the State Department of Health Services. Additional high priority shall be granted to projects to correct immediate problems, as opposed to grants for construction of projects to meet future growth needs.

13896.6. First priority for loans shall be given to suppliers with the most critical public health problems. Priority for loans shall also be given to suppliers which have a lesser capability to reasonably finance system improvements.

13896.7. Preliminary design work, including a cost estimate for the project, shall be completed before a loan or grant is awarded. Operation and maintenance costs shall be the responsibility of the supplier and may not be considered as part of the project cost. Costs for planning and preliminary engineering studies may be reimbursed following the receipt of a loan or grant, subject to approval by the department and the State Department of Health Services.

13896.8. No application for a grant may be made pursuant to this chapter unless the public agency has also applied for a loan pursuant to this chapter. A public agency shall be eligible for a grant only to the extent that the department finds that the agency is found unable to repay the full costs of a loan.

If the department has determined that the applicant is unable to repay the full costs of a loan, the applicant may also file for a grant. Upon receipt of a grant application, the department shall determine that portion of the full costs that the applicant is capable of repaying. Grant funds shall only be provided for that portion that the applicant is not capable of repaying.

13896.9. Grant funds shall be expended by the public agency within three years of the making of the grant. No grant funds may be expended by the public agency unless the public agency is able to demonstrate to the department, within one year of the making of the grant, supported by an acceptable bid, that the amount to be expended for the project will be within 20 percent of the public agency's cost estimate for the project.

13897. For the purpose of administering this chapter, the total expenditures of the department and the State Department of Health Services may not exceed 5 percent of the total amount of the bonds authorized to be issued under this chapter. The department shall establish a reasonable schedule of administrative fees for loans, which fees shall be paid by the supplier pursuant to Section 13895.9, to reimburse the state for the costs of state administration of this chapter.

Charges incurred by the Attorney General in protecting the state's interests in the use and repayment of grant and loan funds under this chapter shall be paid from the proceeds of bond sales under this chapter. These charges shall not be paid from funds allocated for administrative purposes, but shall be treated as a program expense not to exceed 1.5 percent of the total amount of the bonds authorized to be sold under this chapter.

13897.1. As much of the moneys in the fund as may be necessary shall be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

13897.2. Repayment of all or part of the principal, which is the loan plus the administrative fee, may be deferred during a development period not exceeding 10 years within the maximum 50-year repayment period,



when, in the department's judgment, the development period is justified under the circumstances. Interest on the principal shall not be deferred. Repayment of principal which is deferred during a development period may, at the option of the supplier, be paid in annual installments during the remainder of the loan repayment period.

13897.3. The department shall annually establish the interest rate for loans made pursuant to this chapter at 50 percent of the average interest rate, computed by the true interest cost method, paid by the state on general obligation bonds for the prior calendar year. All loans made pursuant to this chapter shall carry the established interest rate for the calendar year in which the funds are committed to the loan, as of the date of the letter of commitment from the department, and shall remain at that interest rate for the duration of the loan.

13897.4. (a) The department, after public notice and hearing and with the concurrence of the State Department of Health Services, shall adopt rules and regulations necessary to carry out the purposes of this chapter. The regulations shall include, but not be limited to, criteria and procedures for establishing the eligibility of a supplier.

(b) The department shall adopt rules and regulations that, in its judgment, will most effectively carry out this chapter in the public interest, to the end that the people of California are most efficiently and most economically provided supplies of pure, wholesome, and potable domestic water. The rules and regulations may provide for the denial of funds when the purposes of this chapter may most economically and efficiently be attained by means other than the construction of the proposed project.

(c) Notwithstanding subdivision (a) or any other provision of law, existing rules and regulations adopted by the department pursuant to the California Safe Drinking Water Bond Law of 1984 (Chapter 10.2 (commencing with Section 13810)) which are in effect on the effective date of this chapter, may, at the option of the department, be utilized upon voter approval of this chapter for purposes of implementing this chapter. The department, with the concurrence of the State Department of Health Services, may subsequently revise those rules and regulations pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code as necessary to implement provisions of this chapter which differ from Chapter 10.2 (commencing with Section 13810) or for any other reason to carry out the purposes of this chapter.

13897.5. The State Department of Health Services shall notify suppliers that may be eligible for loans pursuant to this chapter of (a) the purposes of this chapter and (b) the rules and regulations adopted by the department.

13897.6. (a) The State Department of Health Services, after public notice and hearing and with the advice of the department, shall, from time to time, establish a priority list of suppliers to be considered for financing.

(b) Notwithstanding subdivision (a) or any other provision of law, the priority list established by the State Department of Health Services pursuant to the California Safe Drinking Water Bond Law of 1984 (Chapter 10.2 (commencing with Section 13810)) in effect on the effective date of this chapter may, at the option of the State Department of Health Services, be utilized upon voter approval of this chapter until the State Department of Health Services adopts a new priority list.

13897.8. Not more than twenty-five million dollars (\$25,000,000) of state loans for projects shall be authorized by the department in a single calendar quarter. No contract shall be approved by the department, unless the department finds that the supplier has the capacity to repay the loan amounts specified in the contract.

At the request of the department, the Public Utilities Commission shall furnish comments concerning the ability of suppliers subject to its jurisdiction to finance the project from other sources and the ability to repay the loan.

13897.9. All bonds authorized, which have been duly sold and delivered pursuant to this chapter, shall constitute valid and legally binding general obligations 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 and interest thereon.

There shall be collected annually in the same manner, and at the same time as other state revenue is collected, a sum, in addition to the ordinary revenues of the state, that is required to pay the principal and interest on the bonds, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of that revenue, to do and perform each and every act which shall be necessary to collect that additional sum.

All money deposited in the fund which has been derived from premium on bonds sold is available for transfer to the General Fund as a credit to expenditures for bond interest.

13898. (a) All money repaid to the state pursuant to any contract executed under Section 13895.9 shall be deposited in the General Fund and, when so deposited, shall be applied as a reimbursement to the General Fund on account of principal and interest on bonds issued pursuant to this chapter which has been paid from the General Fund.

(b) The department may enter into contracts with suppliers of water for grants or short-term loans for the purpose of investigating and identifying alternatives for system improvements. Any loans or grants pursuant to this section shall be made from the fund. No supplier may receive for a single investigation more than twenty-five thousand dollars (\$25,000) in the form of a loan or grant pursuant to this section. The State Department of Health Services shall review all proposed investigations and shall determine if they are necessary and appropriate.

(c) Any contract entered into pursuant to this section shall include terms and conditions consistent with this chapter, and any loan contract shall provide for a repayment period not to exceed 24 months.

(d) Not more than three million dollars (\$3,000,000) may be expended for the purposes of this section, of which not more than one million dollars (\$1,000,000) may be used for grants to public agencies. A loan or grant made for the purposes of this section shall not decrease the maximum amount of any other loan or grant which may be made under this chapter, Chapter 10.2 (commencing with Section 13810), Chapter 10.5 (commencing with Section 13850), or Chapter 10.6 (commencing with Section 13880).

13898.1. There is hereby appropriated from the General Fund in the State Treasury, for the purpose of this chapter, an amount equal to the sum of the following:

(a) The amount annually necessary to pay the principal of, and the interest on, the bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The amount necessary to carry out Section 13898.2, which amount is appropriated without regard to fiscal years.

13898.2. For the purpose of carrying out this chapter, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter.

Any amounts withdrawn shall be deposited in the fund



and shall be disbursed by the department in accordance with this chapter. Any money made available under this section to the department shall be returned by the department to the General Fund plus interest the money would have earned in the Pooled Money Investment Account from money received from the first sale of bonds sold for the purpose of carrying out this chapter subsequent to the withdrawal.

13898.3. Upon request of the department, supported by a statement of the proposed arrangements to be made pursuant to Section 13895.9 for the purposes stated therein, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make those arrangements,

and, if so, the amount of bonds then to be issued and sold. Successive issues of bonds may be authorized and sold to make those arrangements progressively, and it shall not be necessary that all of the bonds authorized to be issued shall be sold at any one time.

13898.4. The committee may authorize the Treasurer to sell all or any part of the bonds authorized at the time or times as fixed by the Treasurer.

13898.5. All proceeds from the sale of bonds, except those derived from premiums and accrued interest, are available for the purpose provided in Section 13898.5, but are not available for transfer to the General Fund to pay principal and interest on bonds. The money in the fund may be expended only as provided in this chapter.

## Proposition 61 Text of Proposed Law

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11551.5. Effective January 5, 1987, an annual salary of seventy-seven thousand five hundred dollars (\$77,500) shall be paid to the Attorney General.

Upon the commencement of each new term, the annual compensation provided by this section shall be increased based on the cost-of-living increases provided for state employees over the previous four years. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the combination of percentages of the general cost-of-living increases provided for state employees for the four previous fiscal years.

11552. Effective July 1, 1984, an annual salary of sixty-eight thousand dollars (\$68,000) shall be paid to each of the following:

- (a) Superintendent of Banks.
- (b) Commissioner of Corporations.
- (c) Insurance Commissioner.
- (d) Director of Transportation.
- (e) Real Estate Commissioner.
- (f) Savings and Loan Commissioner.
- (g) Director of Social Services.
- (h) Director of Water Resources.
- (i) Director of Corrections.
- (j) Director of General Services.
- (k) Director of Motor Vehicles.
- (l) Director of the Youth Authority.
- (m) Executive Officer of the Franchise Tax Board.
- (n) Director of Employment Development.
- (o) Director of Alcoholic Beverage Control.
- (p) Director of Housing and Community Development.
- (q) Director of Alcohol and Drug Abuse.
- (r) Director of the Office of Statewide Health Planning and Development.
- (s) Director of the Department of Personnel Administration.
- (t) Chairperson and Member of the Board of Equalization.
- (u) Director of Commerce.
- (v) State Director of Health Services.
- (w) Director of Mental Health.
- (x) Director of Developmental Services.
- (y) State Public Defender.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary

increases provided for state employees during that fiscal year.

11552.5. Effective January 5, 1987, an annual salary of seventy-two thousand five hundred dollars (\$72,500) shall be paid to each of the following:

- (a) Lieutenant Governor.
- (b) Secretary of State.
- (c) Controller.
- (d) Treasurer.
- (e) Superintendent of Public Instruction.

Upon the commencement of each new term, the annual compensation provided by this section shall be increased based on the cost-of-living increases provided for state employees over the previous four years. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the combination of percentages of the general cost-of-living increases provided for state employees for the four previous fiscal years.

11553. Effective July 1, 1984, an annual salary of sixty-five thousand dollars (\$65,000) will be paid to each of the following:

- (a) Chairman of the Unemployment Insurance Appeals Board.
- (b) Chairperson of the Agricultural Labor Relations Board.
- (c) President of the Public Utilities Commission.
- (d) Chairman of the Fair Political Practices Commission.
- (e) Chairman of the Waste Management Board.
- (f) Chairperson of the Energy Resources Conservation and Development Commission.
- (g) Chairperson of the Public Employment Relations Board.
- (h) Chairperson of the Workers' Compensation Appeals Board.
- (i) Administrative Director of the Division of Industrial Accidents.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

11553.5. Effective July 1, 1984, an annual salary of sixty-three thousand dollars (\$63,000) shall be paid to the following:

- (a) Member of the Agricultural Labor Relations Board.
- (b) Member of the State Energy Resources Conservation and Development Commission.
- (c) Member of the Public Utilities Commission.



(d) Member of the Public Employment Relations Board.

(e) Member of the Unemployment Insurance Appeals Board.

(f) Member of the Workers' Compensation Appeals Board.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

11554. Effective July 1, 1984, an annual salary of sixty thousand dollars (\$60,000) shall be paid to each of the following:

- (a) Director of Conservation.
- (b) Director of Fish and Game.
- (c) Director of Parks and Recreation.
- (d) Director of Rehabilitation.
- (e) Director of Veterans Affairs.
- (f) Director of Consumer Affairs.
- (g) Director of the State Office of Economic Opportunity.

(h) State Architect.

(i) Director of Forestry.

(j) Director of Fair Employment and Housing.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

11555. Effective July 1, 1984, an annual salary of fifty-seven thousand dollars (\$57,000) shall be paid to the following:

- (a) Chairman of the Board of Prison Terms.
- (b) Chairman of the State Water Resources Control Board.

(c) Chairman of the Youthful Offender Parole Board.

(d) Chairman of the Occupational Safety and Health Appeals Board.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

11556. Effective July 1, 1984, an annual salary of fifty-five thousand dollars (\$55,000) shall be paid to each of the following:

- (a) Director of Boating and Waterways.
- (b) Director of the Office of Emergency Services.
- (c) Member of the Board of Prison Terms.
- (d) Member of the State Water Resources Control Board.

(e) Member of the Youthful Offender Parole Board.

(f) State Fire Marshal.

(g) Director of the Department of Aging.

(h) Member of the Occupational Safety and Health Appeals Board.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be

determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

11560. Effective July 1, 1984, an annual salary of twenty-seven thousand five hundred dollars (\$27,500) shall be paid to each of the following:

(a) Chairman of the Narcotic Addict Evaluation Authority.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

11563.1. Effective July 1, 1984, an annual salary of twenty-four thousand dollars (\$24,000) shall be paid to each member of the Narcotic Addict Evaluation Authority.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

11563.7. Effective July 1, 1984, an annual salary of twenty thousand dollars (\$20,000) shall be paid to each member of the State Personnel Board.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

11563.8. Effective July 1, 1984, an annual salary of ten thousand five hundred dollars (\$10,500) shall be paid to the President of the Traffic Adjudication Board.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

11563.9. Effective July 1, 1984, an annual salary of ten thousand dollars (\$10,000) shall be paid to each member of the Traffic Adjudication Board.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

11564. Effective July 1, 1984, an annual salary of twenty thousand dollars (\$20,000) shall be paid to each member of the State Air Resources Board, provided each member devotes a minimum of 60 hours per month to state board work. Such salary shall be reduced proportionately if less than 60 hours per month is devoted to state board work.

On July 1, the annual compensation provided by this section shall be increased in any fiscal year in which a



cost-of-living increase is provided for state employees. The amount of the increase provided by this section shall be determined by multiplying the then current compensation by the percentage of the general cost-of-living salary increases provided for state employees during that fiscal year.

#### Article 2: Application of Salary Provisions

11565: If the salary specified in Article 1 (commencing with Section 11550) for any particular position is greater than the salary which the incumbent is receiving on the date when this chapter takes effect, he or she shall receive the higher amount from and after the first day of the month immediately following such effective date.

11566: If the salary specified in Article 1 (commencing with Section 11550) for any particular position is less than the salary which the incumbent is receiving on the date when this chapter takes effect, he or she shall continue to receive the higher amount and the provisions of Article 1 (commencing with Section 11550) shall not become operative until a new appointment is made for the position.

11567: If any constitutional provision prevents an increase in the salary during the term of office of a position for which an increase is provided by this chapter, such increase shall become operative with the commencement of the next succeeding term of office of such position.

11568: The provisions of this chapter shall not be superseded or modified by any subsequent legislation except to the extent that such legislation shall do so expressly.

11569: Notwithstanding the foregoing provisions of this chapter or of any statute specifying the salary to be paid to any state officer, in any fiscal year for which the Legislature appropriates additional funds to augment the salaries paid to state officers whose salaries are specified by statute, each such statutory salary for such fiscal year shall be the amount so specified plus an amount which constitutes an equal percentage increase for each such officer. No such increase shall be paid to any officer whose salary is subject to Section 8901 or Section 68203 of the Government Code. If any constitutional provision prevents such increase during the term of office of a position, the increase shall not become operative as to such position before the commencement of the next succeeding term of office, as provided in Section 11567.

The secretaries and other personnel of the Governor appointed pursuant to Section 12001 shall be regarded as state officers for purposes of determining the salaries of state officers pursuant to this section and the Governor may fix the salary of each such person at an amount not to exceed the maximum for such position set forth in Section 12001 plus a percentage equal to the increase authorized for statutory salaries under this section.

SECTION II: Section 26 is hereby added to Article XX of the California Constitution:

#### Section 26. Public Salary Limitations.

(a) On the effective date of this Section, the salary of the Governor shall be set at \$80,000.00 per year and the salary of all other Constitutional officers and members of the Board of Equalization shall be set at \$52,500.00 per year subject to adjustment as set forth in subsection (c) of this Section 26.

(b) Notwithstanding Article III Section 4 or any other section of this Constitution, but subject to subsection (g) of this Section, no state, city, county, city and county or special district employee, elected or appointed, which shall include individuals working under contract, may receive compensation in excess of eighty percent of the Governor's salary. Under special circumstances the Legislature may appropriate funds for employee services

contracted for by agencies in state government in excess of eighty percent of the Governor's salary if the contract or contracts in question do not exceed four years in length and are approved by both houses by a two-thirds roll call vote. Insofar as this section may conflict with a city, county or city and county's power to set salaries pursuant to Article XI sections 3 through 5, this section shall take precedence.

(c) No increase in the salary of any constitutional officer, member of the Board of Equalization, member of the Legislature, supreme or appellate court justice or judge of a court of record shall become operative unless such increase has been approved by a majority of the voters of the state voting in a statewide general election.

(d) Notwithstanding any city, county, or city and county charter adopted pursuant to Article XI Section 3 of this Constitution, no increase in the salary of an elected officer of a city, county, city and county or special district which establishes the salary payable to its members shall become effective unless such increase has been approved by a majority of the voters of the city, county, city and county, or special district voting on the question at an election.

(e) On the effective date of this section, the annual salary for those employees and officials referenced in subsections (b) and (c) above, except the Governor, Constitutional officers and members of the Board of Equalization, shall not exceed eighty percent of the annual salary paid to the Governor as of that date. No elected or appointed official, or any employee subject to the provisions of this section shall be permitted to accumulate sick leave or vacation time from one calendar year to another.

(f) Any public employee on the state or local level who serves in more than one paid public position in this state may not receive a total aggregate compensation, including pension payments derived in whole or in part from public funds, in excess of eighty percent of the Governor's salary.

(g) The electorate of any city, county, city and county or special district may, by initiative, adjust the salary of any elected or appointed official in that jurisdiction in excess of the limitation set forth in subsection (f) of this Section 26. Notwithstanding Article II Section 11 or Article XI Section 3, no legislative body shall enact laws which restrict the electorate's right to use the initiative process to increase or decrease the compensation or the conditions of any future accruals of employee benefits of their elected or appointed officials. Any laws existing on the effective date of this measure which purport to limit the electorate's right to do so are null and void. Notwithstanding any other provision of law, the signatures of not less than 10 percent of the voters of any jurisdiction shall qualify the initiative for the next general election ballot of that jurisdiction. All other sections of the California Elections Code or a local jurisdiction's Charter shall govern the process for such initiatives.

(h) After the date this section becomes effective, the Legislature shall enact no laws authorizing any public official covered by this section to engage the services of private subcontractors wherein the contractual amount of compensation exceeds seventy-five dollars per hour and no contract may exceed two years in duration, and in no event may the total compensation for an individual exceed the amount set forth in subsection (b) of this Section 26. Furthermore, no state official or agency shall employ, hire, contract with, pay or otherwise compensate any attorney or legal firm to act on behalf of the state or any agency thereof where the state or any agency thereof is a plaintiff, defendant, complainant petitioner, respondent or real party in interest unless the California Attorney



General has formally noted a conflict in representing the agency.

(i) If any provision of this section or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect the other provisions of this section which can be given effect without the invalid provision or its application and to this end the provisions of this section are severable.

SECTION III. Article III Section 4(b) of the Constitution is hereby repealed.

(b) Beginning on January 1, 1981, the base salary of a judge of a court of record shall equal the annual salary payable as of July 1, 1980, for that office had the judge been elected in 1978. The Legislature may prescribe increases in those salaries during a term of office; and it may terminate prospective increases in those salaries at any time during a term of office; but it shall not reduce the salary of a judge during a term of office below the highest level paid during that term of office. Laws setting the salaries of judges shall not constitute an obligation of contract pursuant to Section 9 of Article I or any other provision of law.

SECTION IV. Article V Section 12 of the Constitution is amended to read as follows:

ARTICLE V Section 12 Compensation of the Governor, Lieutenant Governor, Attorney General, Controller, Secretary of State, Superintendent of Public Instruction, and Treasurer shall be prescribed by statute but may not be increased or decreased during a term Article XX Section 26(a) and modified by the voters of the State of California pursuant to Article XX Section 26(c) of this Constitution.

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enter any source of drinking water.

(2) The discharge or release is in conformity with all other laws and with every applicable regulation, permit, requirement, and order.

In any action brought to enforce Section 25249.5, the burden of showing that a discharge or release meets the criteria of this subdivision shall be on the defendant.

### 25249.10 Exemptions from Warning Requirement.

Section 25249.6 shall not apply to any of the following:

(a) An exposure for which federal law governs warning in a manner that preempts state authority.

(b) An exposure that takes place less than twelve months subsequent to the listing of the chemical in question on the list required to be published under subdivision (a) of Section 25249.8.

(c) An exposure for which the person responsible can show that the exposure poses no significant risk assuming lifetime exposure at the level in question for substances known to the state to cause cancer, and that the exposure will have no observable effect assuming exposure at one thousand (1000) times the level in question for substances known to the state to cause reproductive toxicity, based on evidence and standards of comparable scientific validity to the evidence and standards which form the scientific basis for the listing of such chemical pursuant to subdivision (a) of Section 25249.8. In any action brought to enforce Section 25249.6, the burden of showing that an exposure meets the criteria of this subdivision shall be on the defendant.

### 25249.11 Definitions.

For purposes of this chapter:

(a) "Person" means an individual, trust, firm, joint

SECTION V. Article VI Section 5 of the Constitution is amended to read as follows:

ARTICLE VI Section 5 (a) Each county shall be divided into municipal court and justice court districts as provided by statute, but a city may not be divided into more than one district. Each municipal and justice court shall have one or more judges.

There shall be a municipal court in each district of more than 40,000 residents and a justice court in each district of 40,000 residents or less. The number of residents shall be ascertained as provided by statute.

The Legislature shall provide for the organization and prescribe the jurisdiction of municipal and justice courts. It shall prescribe prescribed for each municipal court and provide for each justice court the number, qualifications, and compensation, subject to Article XX Section 26(c), of judges, officers, and employees. (b) Notwithstanding the provisions of subdivision (a), any city in San Diego County may be divided into more than one municipal court or justice court district if the Legislature determines that unusual geographic conditions warrant such division.

SECTION VI: Article VI Section 19 of the Constitution is amended to read as follows:

ARTICLE VI Section 19 The Legislature shall prescribe compensation for judges of courts of record, subject to Article XX Section 26(c) of the Constitution. A judge of a court of record may not receive the salary for the judicial office held by the judge while any cause before the judge remains pending and undetermined for 90 days after it has been submitted for decision.

stock company, corporation, company, partnership, and association.

(b) "Person in the course of doing business" does not include any person employing fewer than ten employees in his business; any city, county, or district or any department or agency thereof or the state or any department or agency thereof or the federal government or any department or agency thereof; or any entity in its operation of a public water system as defined in Section 4010.1.

(c) "Significant amount" means any detectable amount except an amount which would meet the exemption test in subdivision (c) of Section 25249.10 if an individual were exposed to such an amount in drinking water.

(d) "Source of drinking water" means either a present source of drinking water or water which is identified or designated in a water quality control plan adopted by a regional board as being suitable for domestic or municipal uses.

(e) "Threaten to violate" means to create a condition in which there is a substantial probability that a violation will occur.

(f) "Warning" within the meaning of Section 25249.6 need not be provided separately to each exposed individual and may be provided by general methods such as labels on consumer products, inclusion of notices in mailings to water customers, posting of notices, placing notices in public news media, and the like, provided that the warning accomplished is clear and reasonable. In order to minimize the burden on retail sellers of consumer products including foods, regulations implementing Section 25249.6 shall to the extent practicable place the obligation to provide any warning materials such as labels on the producer or packager rather than on the retail seller, except where the retail seller itself is responsible for introducing a chemical known to the state to cause cancer or reproduc-