



PETE RATES THE PROPOSITIONS

Sensible opinions on the California ballot propositions since 1980 by Pete Stahl

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Proposition 68: Conservation, Parks, and Water Bonds – YES

SUMMARY: Provides \$4.1 billion to fund natural habitat conservation; neighborhood, regional, and state parks; flood protection; and other water projects. These are important programs with legitimate capital expenses for which bond funding is entirely appropriate.

DETAILS: See *My Semi-biennial Lecture on Bonds*, at the end of this document, for my opinion of bonds in general.

Prop 68 is a big, sloshing barrel of bond money for wildlife habitat conservation, flood protection, urban parks, state and regional parks, groundwater pollution cleanup, and safe drinking water. It's an environmentalist's delight, and a boon to outdoorsmen across the state.

The largest piece of Prop 68, \$1.5 billion, will be dedicated to conservation and resiliency in the face of climate change. Areas of emphasis include the Salton Sea, Lake Tahoe, the Sacramento River Delta, and urban riverbeds in San Diego and Los Angeles. More than a dozen conservancies across the state will receive funding to preserve wildlife habitats and improve wildlife and fish passage, including the removal of barriers between habitat areas to increase connectivity.

According to the proposed law, “Eligible projects shall improve a community’s ability to adapt to the unavoidable impacts of climate change, improve and protect coastal and rural economies, agricultural viability, wild-

life corridors, or habitat, develop future recreational opportunities, or enhance drought tolerance, landscape resilience, and water retention.” In view of the federal government’s flat-out denial of climate change, it’s critical for Californians to make this investment ourselves.

The \$1.3 billion for parks and recreation will be aimed primarily at urban areas with few parks. The measure earmarks \$725 million for the creation and expansion of safe neighborhood parks in park-poor neighborhoods, including the rehabilitation of existing parks. Part of this will correct the historic underinvestment in public parks in the Central Valley, Inland Empire, desert and rural communities. Another part will go to state and county parks, with call-outs for low cost coastal campgrounds so visitors at all income levels can enjoy the parks.

Also weighing in at \$1.3 billion, the water quality and flood control part of Prop 68 will improve levees, increase protection from flash floods and mudslides, and promote stormwater capture and reuse. The measure allocates \$370 million to groundwater recharge, both to clean up contamination of drinking water sources and as a hedge against future droughts. This is both sensible and necessary.

The projects funded by Prop 68 meet my criteria for bond funding: long-range, tangible acquisitions and improvements. Long-term investment in an environment increasingly under siege from climate change makes sense for California.

Proposition 69: Earmark Transportation Improvement Fee for Transportation -- YES

SUMMARY: This year you'll notice a new Transportation Improvement Fee on your vehicle registration. Prop 69 will require the state to spend this only on transportation. This is sensible: special fees should support the

associated activity. Prop 69 also similarly restricts spending of the new sales tax on diesel fuel. This is less sensible, but relatively small potatoes (\$300 million vs. \$1.6 billion annually), so I'm not sweating it.

DETAILS:

How does a bastard, orphan, son of the Assembly and Senators, taxing a gallon twelve pennies for Pothole fixing, and mixing in buses and trains, End up the subject of a proposition campaign?

Last year the Leg passed a bill to fill the transit till With fifty-four billion dollars--it had been much smaller-- Dedicated to needs demonstrated, disseminated To agencies with urgency, like it was an emergency.

That bill enacted a new fee, you see, on you and me, Just a tad for the poor, but more on the bourgeoisie. It's on your auto registration, for improving transportation. You'll pay twenty-five on a clunker or a junker, But seven times that for a shiny, new slam-dunker.

But the law had a flaw that we have to withdraw. See, the Legislature's free to use that T. I. Fee For any purpose. It could usurp it and slurp it Into any old part of the General Fund, Leaving all of us stunned and our roadways shunned.

But it's now my pleasure to announce ballot measure That requires the Leg to direct all that treasure To transportation, road reparation, new bus stations, Grade separations, and the acceleration of our generation. And The world's gonna know its name. What's its name, man?

Proposition Sixty-Nine.
Its name is Proposition Sixty-Nine.
And if it passes we will all be fine.
So just you wait, just you wait...

Proposition 70: Two-Thirds Vote of Legislature to Use Cap-And-Trade Funds -- NO

SUMMARY: Prop 70 would require a one-time, two-thirds supermajority vote of the Assembly and Senate in 2024 to allow the state to continue spending "cap-and-trade" revenues. Prop 70 exists only to provide political cover for eight Republican legislators who voted last summer to extend "cap-and-trade" to 2030. There is no reason to vote for it.

DETAILS: California's Cap-and-Trade program has raised over \$5 billion from polluters since 2012. The money is earmarked for the reduction of greenhouse gas emissions. Programs include discounted transit passes for college students, clean-air vehicles for government agencies, forest health, waste diversion, clean-air communities, and much more. (High-speed rail is also on the list for now, but the next governor may quash that. Stay tuned.)

Remember the days, not so long ago, when the Legislature struggled mightily to pass annual budgets with two-thirds supermajorities? The budgets, due every June 15th, were not signed until late July (2009), August (2007), September (2008), and even October (2010). These agonizing delays forced the state to send out IOUs to creditors, costing millions in interest and lowering the state's bond rating. School districts had to start the school year without knowing how much money they had, then later make painful and disruptive mid-year corrections. It was a bad scene.

In 2010 voters passed Prop 25, substituting a simple majority for the two-thirds requirement to pass a budget. The result? Smooth operations, predictable planning, and, as far as I can tell, responsible stewardship of public money.

Prop 70 would require a two-thirds supermajority for the legislature to spend Cap-and-Trade funds in 2024. Yes, just 2024. Not 2023 or 2025. 2024.

You may be wondering why. Well, last summer, Democrats in Sacramento tried to extend Cap-and-Trade six years beyond its 2024 expiration, to 2030. Because

that extension required a two-thirds vote of the legislature (due to the special fee it levies on polluters), Democrats had to recruit a few Republican crossover votes. As an incentive, Gov. Brown offered to provide political cover to Republicans: they'd be able to put their stamp on Cap-and-Trade programs for at least one year. Hence Prop 70.

You might think this is harmless. But a two-thirds vote requirement would increase the leverage of individual legislators, promoting the kind of intransigence we witnessed during all those years of budget delays. Passage of Prop 70 would allow billions of dollars in Cap-and-Trade funds to be held hostage to narrow political agendas, weakening the state's response to climate change.

There is no plausible rationale to vote for Prop 70. Gov. Brown promised a ballot proposition to those legislators; he didn't guarantee passage. There's a real danger that important environmental programs could go unfunded in 2024 as a result of supermajority-induced legislative gridlock. Don't hand a tool of obstruction to the party of climate change skeptics and deniers.

Proposition 71: Effective Date for Ballot Measures -- YES

SUMMARY: Moves the effective date of propositions passed by voters from the day after the election to five days after election results are certified. This will prevent close-call measures from causing confusion. More importantly, it will prevent propositions from specifying an earlier effective date, such as 11:59 p.m. on Election Day, in a devious attempt to ambush other propositions on the same ballot.

DETAILS: Current law requires that ballot propositions go into effect the day after the election. In this age of voting by mail, provisional ballots, and other complications, it's simply **unrealistic** to expect final results by then. Results typically aren't certified until over a month after the election.

"So what's the big deal?" you ask. Close contests. In June 2012, for example, Prop 29 failed by a less than one-half percent. If it had been leading the day after the election, should it have gone into effect, only to be nullified

later when more "no" votes were counted? "That's exactly what should've happened!" said no one ever.

Perhaps more troubling is the kind of shenanigans we saw in Prop 136 of November 1990. In that election, there were three ballot propositions enacting special-purpose taxes, requiring a simple majority to pass. But Prop 136 would have required a two-thirds supermajority for such taxes, and it stipulated that it would go into effect **on Election Day**, one day earlier than the others. Since it gave itself a one-day head start, Prop 136 would be waiting to pounce on the other propositions when they tried to become law. (All four measures failed, so we never found out how the courts would have ruled.)

Prop 71 will require the California Secretary of State to certify passage of propositions before they can go into effect all at once, five days later. This is eminently sensible and carries no risk I can think of.

Proposition 72: Reassessment Exemption for Rainwater Capture Systems -- NO

SUMMARY: This is a protest vote. Prop 72 will encourage efficient use of our limited water supply: a noble goal. It will do so by excluding new rainwater capture systems from triggering higher property taxes. That's fine. But by reducing objections to our deeply unfair property tax system, Prop 72 will forestall the fundamental reforms we need.

DETAILS: A word on **protest votes**. First, they **rarely hit the mark** because they're easy to misinterpret. For example, if you vote against Prop 68 on this ballot to protest bonds in general, the received message may be that you oppose parks and conservation programs. Use protest votes only when the message is unambiguous.

Second, protest only propositions that will have **no appreciable impact** or will obviously pass (or fail) by a **large margin**. That way you can justifiably claim that your vote made **no real difference** and was purely symbolic.

Finally, recognize that **no one will notice**. If you truly care about an issue, try an **actual protest**, perhaps in the form of a call or email to your elected representatives. I have found that local officials such as city council and school board members generally love hearing from constituents, and can occasionally even be persuaded by well-reasoned, heartfelt arguments.

So let's turn to property taxes. Proposition 13 says that a property's *assessed value* can increase only 2% a year as long as the property isn't sold or significantly improved. So, while your property may be worth twice what it was when you bought it, its *assessed value* will have barely changed. Since property taxes are based on *assessed value* instead of *real value*, the size of your property tax bill depends more on **how long** you've owned your property than **how much** it's really worth. It's sort

of like paying income tax based on **how long** you've had your current job instead of **how much** money you make. It's ridiculous.

In the forty years since Prop 13 passed, we voters have approved about a zillion little exemptions to let special people avoid reassessment when they move or remodel: disaster victims, people who inherit property from their parents or grandparents, people over 55 who move to cheaper homes, people who fire-proof or earthquake-proof their property, people who live in historic buildings. Prop 72 extends exemptions to those who install rainwater capture systems.

On the surface Prop 72 seems reasonable and innocuous. But every time we grant a reassessment exemption like Prop 72 proposes, we make the lunacy I pointed out above more palatable, and thus postpone the day when California **implements a more equitable property tax system**. Prop 72 hopes to eliminate the complaints of yet another group of citizens upset with life under Prop 13, and thereby perpetuates a law that's **fundamentally flawed**.

I try not to recommend protest votes, but I make an exception for issues related to Prop 13. As California housing prices skyrocket, soon it won't be unusual for people who have just bought their property to pay **many times** more property tax than their established neighbors. It's as unfair and arbitrary to base taxation on length of ownership as it would be to base it on length of hair or length of name.

Prop 72 will pass easily. If you aren't into symbolic gestures, by all means vote for it. But if you care about this issue like I do, your "no" vote might just send a tiny message that we are unwilling to accept the inequity of Prop 13 any longer.

My Semi-Biennial Lecture on Bonds

When California wants to finance a large project, it asks the voters for permission to take out a loan. Prop 68 is just such a request. If voters approve, the state may take out a loan for the project by selling general obligation bonds, which are paid back with interest over 30 years or so. The bond payments come out of the state's main budget, the General Fund. So when we vote on bond measures, we are really voting on whether the projects in question ought to be added to the state's budget.

"Wait a minute!" I hear you cry. "What about those interest payments? Won't we end up paying more for interest than for the bonds themselves?" This may once have been the case, but with today's low interest rates

each dollar of bond money will cost **only 50 cents** in interest, accounting for inflation. (See details on p. 30 of your ballot pamphlet.)

"Okay," you admit, "but loans are still more expensive than pay-as-you-go." This is true. Still, loans are the only way to buy a house, or a car, or anything else that you need immediately but can't pay for yet. It's worth paying the premium of interest to get the funding **now**.

"Well and good," you continue. "But there are **\$4 billion** in bonds on this ballot. Isn't that too much to borrow?" For you, yes, but the State of California can handle it. Bond payments today amount to **less than 5%** (and shrinking) of the General Fund, down from a high of

nearly 6% nine years ago. Prop 68 will barely increase that figure. Accounting for Prop 68 and all bonds previously authorized by voters, the Legislative Analyst predicts the debt ratio will continue to decline.

Prop 68 will fund long-lived, tangible acquisitions, such as wildlife habitats, park facilities, and flood-control infrastructure. It's sensible to make extended payments for things that will be used far into the future.

Remember, too, that California's population continues to grow by hundreds of thousands of people every year. Borrowing makes particular sense if you know your income will go up in the future. As the state grows, the General Fund will certainly grow too.

Voting in "Top Two" Primary Elections

As my regular readers know, I do not rate candidates. However, I do have a few words of advice on how to approach our "Top Two" primaries. This year is the fourth election cycle to use Top Two since it was approved by voters in 2010.

In Top Two, your primary ballot contains **all** candidates for state and federal offices, **regardless of party**. If you're a Democrat, you'll see not just Democrats, but also Republicans, Greens, Libertarians, "no party preference," and so on. You may vote for any candidate.

The **top two finishers** in the June primary advance to the November general election, regardless of party. In some contests, two Democrats or two Republicans will advance, freezing out all other parties.

The pile-up of candidates on your ballot can be very confusing. For example, there are 32 people vying for U. S. Senate and 27 people running for Governor. These include both experienced politicians and novices. On some ballots, the choices will spill over to several columns. Nevertheless, you must vote for **just one per contest**.

Candidates are listed in random order. You may have to wade through dozens before you find your choice. Be **patient** and be **careful**; the potential for error is high. We don't want to become a laughingstock electorate like Florida was in 2000.

With this many people running, you can probably

There is one last reason to vote for a bond measure. In addition to being formal requests for permission to take out loans, bond measures are also looked upon as referenda on the merits of the proposed projects. If a bond measure fails, legislators are likely to believe that the public feels the project is not worthy of receiving state funding. By voting no, you may have meant, "Yes on the project but no on the bonds," but your message to Sacramento will read, "No on the project." So if you vote down a bond measure just because you don't like bonds, you may well have killed forever the project the bonds were to have funded.

find an obscure candidate to fall in love with, one who shares your views on virtually every issue. It will be very tempting to vote for that candidate, even if he or she is not among the poll-anointed "frontrunners."

That was the right way to vote **before** Top Two, because even if your heartthrob lost, you knew your party would nominate **somebody** you could support in the November election. But that's no longer the case. Your party is **not** guaranteed a slot on the November ballot. Only the top two vote-getters will advance. And they will be chosen by voters who vote for the major contenders.

Surely one of those three or four frontrunners must be acceptable to you. Not perfect, maybe, but better than the major candidates you **really** can't stand. You can help that imperfect-but-acceptable frontrunner win a spot in the November runoff, or you can vote your heart's true desire and let the rest of us nominate two finalists you may despise. Your choice.

It pains me to say that. You should be able to support your favorite candidate without risk and without consulting the latest polls. It can be unpleasant to vote for a frontrunner tainted by unsavory special interests, political naïveté, excessive dogmatism, or vicious attack ads. But you've got to play the hand you're dealt.

You have just one vote. Use it as effectively as you can.

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