PETE RATES THE PROPOSITIONS

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

www.peterates.com November 2026

Pete recommends:

1	**YES**	$11B Bonds for Affordable Housing
2	**YES**	Double Size of Rainy Day Fund
3	**YES**	Make Permanent the Tax on High Incomes
4	**YES**	Public Campaign Finance
5	**YES**	Recall Election Reform
37	**YES**	Loans for Middle-Income Buyers of New Homes
38	**NO**	$8.4B Bonds for Immunology Research
39	**NO**	Voter ID
40	**YES**	Billionaire Tax
41	**NO**	Thwart the Billionaire Tax, Part 1
42	**NO**	Thwart the Billionaire Tax, Part 2
43	**NO**	Close the "Upland Loophole" on Local Taxes
44	**NO**	Require Clinics to Spend 90% on Healthcare
45	**NO**	Speed Up Environmental Reviews
		My Semi-Biennial Lecture on Bonds

Proposition 1: $11B Bonds for Affordable Housing – YES

SUMMARY: $10 billion in bonds to kick-start construction of housing for low-income Californians, plus $1.25 billion to reseed the marvelous CalVet Home Loan program at no net cost to the state. Most of the $10 billion will provide low-interest loans to local governments and developers to build and renovate rental housing, with a requirement to reserve units for low-income renters. These loans will enable more housing projects to pencil out and actually get built, slowly easing our housing crisis.

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

DETAILS: California continues to face a severe shortage of affordable housing for lower-income households. Low supply leads to sky-high rents, which creates hardship for older adults, people with disabilities, and anyone with a low income. The California Budget & Policy Center estimates over one million new affordable homes are needed. In 2018, voters approved $3 billion in bond funding to stimulate housing construction and renovation. That money is about to run out. Prop 1 will provide $10 billion more.

Prop 1 divides its billions into seven pots. The first pot, by far the largest, contains $7.2 billion to build and renovate about 40,000 affordable apartments. Money

from this pot will be distributed to developers and local governments as low-interest, deferred-payment loans. These loans are necessary because affordable rents do not generate enough revenue to cover developer costs. In other words, without Prop 1 bond money, the projects wouldn't "pencil out," and would therefore never be built. In exchange for receiving loans from Prop 1, builders must reserve apartments for households with low incomes (below 60% of the median income for the area). Part of this first pot ($1.15 billion) is earmarked to build and renovate permanent supportive housing for people experiencing or at risk of homelessness.

The second pot holds $1.1 billion to help lower-income Californians become homeowners. Two programs will receive funding: CalHome, which provides forgivable loans for lower-income people who contribute substantial "sweat equity" by helping build their own homes, and the My Home downpayment assistance program for lower-income homebuyers.

The third pot holds $500 million for the infrastructure needed to support high-density "infill" housing development near light rail stops, bus transfer stations, and other transit centers. Infrastructure supported by this bucket includes water and sewer lines, public transit systems, traffic mitigation measures, and parks.

Pot four is $450 million to build and renovate rental and owner-occupied housing for farmworkers, with priority for low-income households. This will help address the displacement of farmworker families from labor camps and mobile home parks as those sites are developed.

The remaining pots, all under $400 million, are for university student housing, tribal housing, and an innovation fund for local agencies to run pilots of new approaches to increasing affordable housing stock.

Back in 2018, Sara Kimberlin of the California Budget and Policy Center made a great case for funding affordable housing:

> "This type of housing is generally not profitable to build and therefore is unlikely to be produced at significant scale by the private housing market. Moreover, funding requirements can be used to stimulate production of housing for particularly vulnerable populations or in areas with especially serious affordability challenges. Historically, a primary source of state funding available to support affordable housing development was funding directed to local redevelopment agencies, but these were abolished in 2012 … Thus the justification is clear for establishing new sources of state funding to support affordable housing production."

In addition to those pots of general obligation bonds, Prop 1 reauthorizes the CalVet Loan Program, which provides low-interest home and farm loans to veterans. CalVet gets the money it lends from the sale of bonds. When the veterans pay off their loans, they do so at a rate that allows CalVet to pay for the bonds, the interest on the bonds, and all bureaucratic overhead. In this way, the program has been completely self-supporting since 1921, the year of Warren Harding's inauguration. Clearly the CalVet program is a winner. The only catch is that the State periodically needs voters' permission to sell more bonds to fuel CalVet. Hence Props 76 (June '88), 142 (Nov. '90), 206 (Nov. '96), 32 (Nov. '00), 12 (Nov. '08), 1 (Nov. '18), and the current Prop 1.

I heartily recommend the continuation of CalVet. And I recommend a vote for the rest of Prop 1 as well to address, at least in part, our state's dire housing crisis.

Proposition 2: Double Size of Rainy Day Fund – YES

SUMMARY: Revenue from the state income tax fluctuates wildly due to unpredictable real estate and stock markets. It was down 18% in 2020, up 73% in 2021, down 34% in 2023, then up 28% in 2024. In bad years, this leads to gruesome budget crises. To reduce the impact, the state has a "rainy day fund" that holds money deposited in high-revenue years for use in lean years. Currently, the fund can be as large as 10% of the General Fund. Prop 2 would double that to 20%, which is eminently sensible. But the real appeal of Prop 2 is that it will end the requirement to count deposits to the rainy day fund against the state spending limit. After all, it's *saving*, not spending. That will encourage the Legislature to fill it to capacity, which it has avoided in recent years.

DETAILS:

The rain is raining all around,
Because the market's crashed,
But we'll be fine thanks to the bucks
Our rainy day fund cached.

(apologies to Robert Louis Stevenson)

Proposition 3: Make Permanent the Tax on High Incomes – YES

SUMMARY: In 2012, California voters increased taxes on high incomes, making our income tax more progressive. The increase applies only to the top two percent: those with incomes **above $743,000** (filing jointly; half that for single). But the increase is temporary, scheduled to expire in 2030. If that happens, the top tax bracket will start at just $145,000, making our income tax more regressive and flat. Prop 3 will prevent the 2012 increase from expiring, ensuring that high earners continue to pay their fair share. The impact on the state budget will be significant: continuation of a revenue stream on the order of $10 billion annually, directed to education, healthcare, and other vital programs.

DETAILS: 2012 was a crummy year for the state government. There was a $16 billion budget shortfall, mostly due to a lackluster housing market and the lingering aftereffects of the Great Recession. To close the gap, the state identified $10 billion in spending cuts and other solutions, but still needed another $6 billion. A temporary tax hike seemed like the only way out. That November, voters had a choice of two ballot measures with tax increases, championed by Governor Jerry Brown and Molly Munger, an early-childhood education advocate.

Brown's proposition won. To close the budget gap, it temporarily hiked the state sales tax by one-quarter cent for four years, and increased the income tax on joint incomes above $500,000 by 1% to 3% for seven years. The sales tax expired on schedule, but in 2016 voters extended the income tax brackets through 2030. The brackets are indexed for inflation, so the threshold has risen from $500,000 to $743,000.

Today, those top tax brackets produce anywhere from $5 billion to $15 billion revenue for the state. (The number is unpredictable because it depends on capital gains from sales of things like real estate and stocks, which vary greatly from year to year.) That's approximately 5.5% of total General Fund revenue. It provides critical funding for schools, community colleges, Medi-Cal, and other essential public services. Eliminating it would only **compound the pain** from recent federal cuts.

Perhaps the best argument for Prop 3 is to describe what will happen if it **fails**. Taxpayers filing jointly will receive a tax cut of 1% on taxable income above $743,000; 2% above $892,000, and a whopping 3% on income above $1.5 million. (Halve those income figures for single filers.) So an affluent couple with $2.5 million in income will get a tax reduction of more than **$43,000**. How much of a tax break will the rest of us receive, you ask? **None**. Only those with incomes above $743,000 will benefit if Prop 3 fails.

An analysis by the California Budget & Policy Center estimates that if Prop 3 fails, the top 1% of taxpayers will actually pay a **lower proportion** of their income in taxes than the bottom fifth. In other words, low earners would pay Sacramento **more of each dollar** of income than multimillionaires. In other other words, it would turn our progressive income tax **upside-down**. That would be the epitome of inequity.

Proposition 4: Public Campaign Finance – YES

SUMMARY: Currently, public financing of political campaigns is banned in California, except in charter cities such as Los Angeles and Oakland. Prop 4 would allow (but not require) the state and local governments to enact public financing. To receive public funding, candidates would first have to prove their viability, and then abide by spending limits. Six California charter cities, fourteen states and the District of Columbia have public finance, and the results are worth emulating. Prop 4 will make campaigns less about wealth and big-bucks fundraising (with its ever-present danger of corruption), and more about ideas, communities, and serving the people.

DETAILS: I've published this guide for every statewide election since 1980, with one exception. That was June, 1988, when I was traipsing around East Asia with the Stanford Symphony Orchestra. It was a phenomenal experience, and it wasn't a total break from US politics: I met South Koreans nervous about the protectionist trade policies of presidential candidate Richard Gephart, and Singaporeans eager to work with California's high-tech industry. But I didn't pay much attention to that election's propositions, and now they're unexpectedly relevant to Prop 4, so I'm having to play catch-up like everyone else. Here's what I've learned.

The June 1988 ballot contained two propositions hoping to curb the influence of money on elections: Prop 68, which would have **implemented public financing** in exchange for limits on campaign **spending**, and Prop 73, which would have **banned public financing** in exchange for limits on campaign **contributions**. Both passed, but Prop 73 got more votes, so only it went into effect.

That's not the end of the story, though. A 2015 Senate committee report amusingly titled *A Mercifully Brief History of Campaign Finance Reform in California* describes what happened next:

> "Many of the provisions of Proposition 73 however, were ultimately found unconstitutional in federal court. ... The only provisions of Proposition 73 that survived legal challenge were the contribution limits for special elections, some restrictions on the type of mass mailings officeholders may send out at public expense, and the **prohibition on the use of public money for campaign purposes**."

In other words, the federal courts **destroyed** the bargain voters thought they were making when they passed Prop 73, leaving in place **only the public financing ban**. Later, a court decision allowed **charter cities** to implement public financing, and six have done so: Berkeley, Long Beach, Los Angeles, Oakland, Richmond, and San Francisco. But the state, counties, and general law (non-charter) cities are **still constrained**. There have been many subsequent attempts to implement reform: Props 208 & 212 (1996), 25 & 34 (2000), 89 (2006), and 15 (2010). All of these either failed at the polls or were invalidated by the courts. Most recently, in 2016, the Legislature enacted its own reform, but it too was struck down.

So here we go again. Prop 4 would repeal the rotting stump of Prop 73, allowing the state or any local government to implement public campaign financing.

Prop 4 does not specify exactly how public financing programs must work; instead, it lays out a set of flexible rules. For example, to qualify for public financing, candidates must prove they're "viable" by demonstrating broad, grassroots support. This could take the form of small, token contributions from many voters. And candidates accepting public funding must abide by spending limits appropriate for the area. There are a few limitations on the sources of public campaign money and how it can be used. But, for the most part, Prop 4 gives state and local governments the leeway to design a system that works for them.

Cities that have public financing have found that races for office are no longer dominated by those with personal wealth or access to big donors. Elections are more about ideas, communities, and policies than who's the best fundraiser. Potential candidates who don't run because we're – oops, I mean **they're** repelled by the idea of "dialing for dollars" can finally participate. And public financing blunts the fundraising advantage that incumbents enjoy during reëlection campaigns, so officeholders become **more accountable** to the electorate.

Most public financing systems work on a **matching** basis that rewards the **number of donations** rather than their size. That may be their most attractive feature. Today, an ordinary voter might hesitate to contribute to a campaign because they know whatever they give will be insignificant compared to the high rollers. What good does it do to contribute $50 when you know some person or committee will contribute $50,000? In contrast, matching systems make **small contributions important**. For example, to qualify for matching funds when running for Los Angeles City Council, a candidate must collect small contributions totaling $14,300. A single contribution can count only $143 towards the threshold,

so the candidate must collect at least one hundred, probably more. That places the emphasis on lots of small contributors: average voters, not plutocrats. In this way, the public campaign financing enabled by Prop 4 will help return the focus of our elections to everyday people, where it belongs.

Proposition 5: Recall Election Reform – YES

SUMMARY: If the governor of California is recalled, Prop 5 would promote the lieutenant governor to be the new governor. That's vastly preferable to our current procedure for choosing a replacement: a free-for-all election on the same ballot as the recall, with potentially hundreds of candidates; majority vote not required. The existing process encourages minority parties (looking at you, GOP) to instigate spurious recall elections, as they did in 2021, in hopes of installing their own Governor with a small fraction of the vote. We don't need that circus again.

DETAILS: If you recall the recall election of 2003, which recalled Gray Davis and made *Total Recall* star Arnold Schwarzenegger governor, then you'll totally recall the madhouse contest to succeed Davis on the same ballot. There were 135 candidates, many drawn by the low cost of running: just $3,500 plus 65 signatures. Memorable entries abounded.

- Adult actress Mary Carey
- *Hustler* magazine publisher Larry Flynt
- Sumo wrestler Kurt E. "Tachikaze" Rightmyer
- Former child actor Gary Coleman
- Bounty hunter Leonard Padilla
- Watermelon-smashing comedian Gallagher
- Billboard siren Angelyne

Some candidates' platforms were as loopy as you might expect:

- David Ronald Sams would balance the budget by selling naming rights to freeways.
- Chuck Pineda Jr. would solve traffic congestion by implementing a 32-hour work week.
- Trek Thunder Kelly urged, "Please vote for me, thus breaking the Seventh Seal and incurring Armageddon."
- Sitcom writer Bill Prady pledged to "... solve all the state's problems in twenty-two minutes and forty-four seconds with two commercial breaks and a hug at the end."

Considering this ridiculous **clown car**, it's a miracle that 80% of voters voted for one of the two frontrunners, and that nobody challenged the legitimacy of the winner. (Upon reflection, though, who would be foolhardy enough to challenge the legitimacy of Arnold Schwarzenegger? You do not want to do that. I'm telling you, it would not end well for you.)

Sixteen years later, it occurred to some Republican activists that our recall process, with its wide-open, no-majority-required replacement election, offered their **best chance** to capture the Governor's Mansion. If they could (1) get voters to **kick out** the incumbent, (2) induce Democrats to **split their vote** among multiple replacement candidates while (3) Republicans **rally** around one candidate, then their candidate could be elected governor, even without a majority. And if they didn't win, it would at least **throw a wrench** into the current governor's agenda. And the coolest part of the plan: **it costs essentially nothing**!

So, figuring they had nothing to lose, they enlisted volunteers to collect 1.5 million signatures, and forced another recall election in 2021. This time, the clown car wasn't quite as full; just 46 replacement candidates, perhaps reflecting Covid-era anxiety. Still, there were plenty of novelties, such as reality TV star Caitlyn Jenner, rollerblader Holly L. Baade, and the ever-popular Angelyne. In the end, voters **swatted down** the recall by a huge margin: 62% to 38%. The outcome was so certain that five million voters didn't even bother selecting a replacement candidate. The election cost state and local governments $200 million, but it **cost the petitioners barely anything**.

This cost/reward structure is clearly **broken**. There is no reason for the minority party not to try it again and again; they have nothing to lose, and everything to gain.

Prop 5 will **fix the recall process** so it can't abused in this way anymore. Under Prop 5, if the governor is recalled, then the **lieutenant governor becomes the new governor**. Well, duh! Why didn't we think of this before? The LG already moves into the Governor's Mansion if the governor dies or resigns, so why not if the governor is recalled? Heel of hand to forehead (or whatever the appropriate gesture is). As long as the governor and LG are from the same party, under Prop 5 there will no longer be an incentive for the minority party to initiate nuisance recalls. As Richter says to Cohaagen in *Total Recall*, "It's about goddamn time."

Proposition 37: Loans for Middle-Income Buyers of New Homes – YES

SUMMARY: Provides low-interest loans to "middle-class" buyers of new homes, at no cost to the state. Buyers' family income cannot exceed twice the median income in the area, and the purchase price must accommodate a conforming mortgage (e.g., maximum price of $1.04 million in Fresno or $1.56 million in San Jose). Buyers would put down 3% of the purchase price, the state would lend 17%, and the rest would be a conventional 80% mortgage. Buyers would repay the state at a rate that completely covers the state's expenses, so Prop 37 won't cost taxpayers a dime. By facilitating home sales, Prop 37 will help more owner-occupied homes get built, just as Prop 1 does for rental housing. A big win for everyone.

DETAILS: Prop 37 has a vibe. It's not a bad vibe like Prop 44, or a rah-rah vibe like Prop 4. It's more of a mellow, "I can dig it" vibe. The kind of vibe that says, "Yeah, let's help people realize their dreams at no cost to taxpayers."

Prop 37 aims to assist potential homebuyers with moderately vibey incomes: up to $155,000 in Fresno County, $173,000 in LA County, or $329,000 in Santa Clara County for two-person households. Right now, these homebuyers are not feeling the vibes to buy a home, because they can't save the 20% down payment they need to get a lower-interest, **"conforming" loan** they can afford. Back when vibes were simpler and houses cost $100,000, that twenty percent down payment was just $20,000. But these days, a house or condo with any vibe at all will cost at least $500,000, and that means saving **six figures**. That vibe feels, like, totally out of reach.

Prop 37 will soothe that harsh vibe by letting homebuyers qualify for a conforming loan with just a **three percent** down payment. For that $500,000 condo with all the vibes, it would mean saving just $15,000 instead of $100,000. Prop 37 can do that by providing a vibe-ulicious, state-funded, low-interest **second mortgage** for 17% of the purchase price. Adding the two together gets homebuyers to 20%, qualifying them for that primary loan with a conforming vibe.

"Hang on," you might be thinking. "This scheme's vibe feels scammy. Where is Prop 37 going to get all this free money to lend?" Well, the measure authorizes the state to sell **revenue bonds** to raise the cash as the vibe dictates (up to $25 billion). Then, homebuyers will repay the state at a rate that covers the bonds, the interest on the bonds, and all bureaucratic overhead, just like the CalVet loan program in Prop 1. In this way, Prop 37 will give everyone good vibes **at no cost**.

Prop 37 loans will be available only for newly constructed houses, townhomes, or condos, in order to spur **construction of more homes,** which is essential to chilling the vibe of our housing crisis. Homebuyers must actually live in the homes: no rental or second-home vibes allowed. The maximum purchase price varies by county (depending on the federal conforming loan limit); this year it would be $1,041,000 in less expensive counties like Fresno, and $1,561,000 in counties with expensive vibes like LA and Santa Clara. So don't worry that Prop 37 will fund extravagant mansions.

You might be feeling this vibe: "I can't work up a serious sad for those moderate-income households just because they have to continue renting. Their lives give off a comfortable vibe. Why should I care?" Because Prop 13 (1978) made homeownership the key to prosperity in this state. Buying a house brings potential millions in appreciation over time, as well as equity that can be tapped as needed: vibes of affluence. It can be the key to financial security vibes, and even generational wealth. Because of that, we should constantly be looking for ways to get more people, especially younger people, onto the home ownership escalator. Prop 37 does just that, at no cost. Gotta love that vibe.

Vibe. Vibe, vibe, vibe.

Stack.

Proposition 38: $8.4B Bonds for Immunology Research – NO

SUMMARY: A self-dealing "buy-a-law" subsidizing a single research lab to the tune of $4.2 billion, and other labs another $4.2B, likely providing negligible benefit for the state. Bond funding should always be for long-lived, tangible acquisitions such as buildings and infrastructure. But Prop 38 will squander interest-burdened bond money on salaries, chemicals, and other ephemeral expenses. It's a serious misuse of bond funding and the initiative process itself.

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

DETAILS: When California voters first approved bonds to fund biological research in 2004, it was a direct response to the anti-abortion Bush Administration's restrictions on federal funding for embryonic stem cell

research. That bond measure, Prop 71, used bond money inappropriately to fund private labs and non-capital expenses in addition to bond-appropriate government facilities. But I forgave this, partly because of the enormous potential of stem cells to ease human suffering, and partly as an end run around misguided federal policy. If Washington wasn't going to fund this groundbreaking research, then Sacramento could, and would. Prop 71 passed with over 59% of the vote.

When researchers returned in 2020 to ask for more bond money, however, Washington no longer restricted funding for stem cell research, and Prop 71 had achieved its purpose, creating a network of state-of-the-art stem cell labs at university campuses and biotech firms. I recommended a "no" vote on the 2020 measure, Prop 14, but apparently my rating wasn't enough to doom it to defeat. Go figure. Prop 14 squeaked by with a scant 51% of the vote. As a result, the state is now committed to spending an average of $260 million annually for the next 30 years, much of it to pay for office supplies, administrator salaries, chemicals, and other bond-inappropriate expenses.

But the fallout didn't stop there. In light of Prop 14's success, another research community has decided to ask us for its own bond funding. And hey, why not? California voters have proven we're gullible enough to give it to them.

Prop 38 asks for $8.4 billion in bonds for **immunology and immunotherapy** research. As with the earlier research bonds, Prop 38 will fund non-capital expenses; you can see them listed on p. 127 of your Proposition Fun Book. They include such bond-inappropriate activities as "improving diagnostic tools," "collecting, studying, and creating banks of tissue specimens," and "overseeing clinical trials."

That, by itself, should be enough to convince you to vote against Prop 38. But there's a twist that makes this measure **extra-repugnant**. Prop 38 is sponsored by billionaire surgeon-turned-philanthropist Gary K. Michelson, whose pet project is the nascent California Institute for Immunology and Immunotherapy (CIII) in Los Angeles. I have no doubt that CIII will someday make inroads in health science that greatly benefit humanity, as will many other research labs. But Prop 38 specifically allocates half of its funds, **over $4 billion, directly to CIII**, without giving other labs a chance to compete for that money. (That part of the law is on p. 126, Section 130353(a). It doesn't actually name CIII, but it's blindingly obvious and unsubtle anyway.) This is outrageous. Government funding should be distributed competitively, based on the merit of the applicants, **not who wrote the proposition**.

Michelson has poured $31 million into his campaign for Prop 38. He wants voters to open up the state's wallet (an estimated $500 million for 20 years) to fund his nonexistent lab staffed with to-be-hired scientists working on undetermined projects. Maybe the venture capitalists on Sand Hill Road should consider the idea, but this is the wrong investment for a state government with real, day-to-day responsibilities. We have better things to do with our money than fund a billionaire's plaything.

Proposition 39: Voter ID – NO

SUMMARY: Part of President Trump's antidemocratic scheme to disqualify as many voters as possible, based on a pack of lies about purported "voter impersonation" and supposed lack of "public confidence and trust in the electoral process" (both quotes from the text of the proposition). There is absolutely no need for this destructive and dangerous measure.

DETAILS: What problem is Prop 39 supposed to solve? Elections in California's 58 counties are as smooth and pure as can be. Fraud is practically unknown. Voter impersonation is virtually nonexistent. Noncitizen voting does not occur. Confidence in the process is high.

There is no problem. Instead, there is a desire. A desire to prevent "those people" from voting.

Prop 39 requires state and local officials to verify that everyone on voter rolls is a US citizen, by using "government data" from federal agencies currently in thrall to an authoritarian president. In an administration that encourages official misconduct, there's a likelihood of **deliberate inaccuracies or omissions** in that data, reflecting partisan motives. Under Prop 39, such tainted government data could cause the **unjust disenfranchisement** of many thousands of perfectly eligible voters, exactly as the recently-blocked executive order to prevent the Postal Service from delivering selected mail-in ballots would have done.

That's the point. Prop 39 is not meant to make our elections more secure, reliable, or fair. Prop 39 is a blatant effort to kick "undesirable" voters off the rolls in order to elect more officials **in line with the regime**. Ultimately, backers hope the abuse of laws like Prop 39 will **sap our confidence** in the process, so we stop participating and hand them the government completely. It's happened in other countries; we must not let it

happen here.

Prop 39 will also impose **new requirements on you and me** when we vote. Those voting **in person** will have to present government-issued ID every time. A report in the Journal of Empirical Legal Studies shows how that can go sideways. When Michigan required ID in 2016, about 22,000 voters—nearly one-half percent—couldn't show a valid ID at the polling place. But nearly all of them (95%) actually possessed a valid ID; they simply didn't have it on them. Chillingly, minority voters were about five times more likely to lack access to ID than white voters.

If you vote **by mail**, under Prop 39 you must first **re-register** to designate a mail-in government ID number, then write that number on the outside of the ballot return envelope (with no mistakes!), or else your ballot will be rejected. When Texas tried this in 2022, election officials had to reject **one in eight** ballots.

The cherry on top is that Prop 39 will allow **any citizen to sue** a county or the state for noncompliance, with no evidentiary standard spelled out. This provision will cause an **avalanche of spurious lawsuits** from people dissatisfied with election results, or who just want to gum up the works.

Prop 39 will impose an unacceptable, unjustifiable burden on millions of voters. It will invite witch hunts, nuisance lawsuits, and other malfeasance. It will open the door to mass voter disqualification instigated by unaccountable federal agencies. It will introduce chaos where there is currently order, and distrust where there is currently confidence. In short, it will cause a million times more problems than it claims it will solve. Please, please do not vote for Prop 39.

Proposition 40: Billionaire Tax – YES

SUMMARY: Imposes a one-time, 5% tax on the total assets of the roughly 200 Californians whose net worth is over $1 billion. If allowed to go into effect (a very big "if"), it could bring the state as much as $100 billion. The revenue will be used chiefly to offset $112 billion to $300 billion in cuts to Medi-Cal over the next ten years due to the heartless One Big Beautiful Bill Act. Prop 40 will let millions of Medi-Cal patients stay enrolled, averting a looming public health disaster. Billionaires, unlike the rest of us, have the means to avoid income taxes entirely, ducking their obligation to society. Is it fair to levy this wealth tax, leaving them with only $950,000,000 out of every $1 billion, so that millions of poor Californians can occasionally visit a health clinic? I'm thinking yes.

DETAILS: Let's talk **small**. There are about 200 billionaires in California. That's not the top One Percent, or even the top Tenth of a Percent. In a state of 40 million people, it's the top **0.0005 percent**. (*"The top five ten-thousandths of a percent"* makes a great tongue twister!) That's who we're arguing about here. They'd all fit into one movie theater, or one Boeing 787 airliner, or the Enchanted Tiki Room at Disneyland.

Now, let's talk **big**. It's easy to think that a million and a billion are almost the same—just one letter different, right? But one billion is a very large number. Imagine someone wants to give away $1 million by donating one thousand dollars a day. It would take **less than three years**. But if they wanted to give away **$1 billion** at the same pace, it would take more than **2,700 years**. It's mind-boggling. Billionaires have an **unbelievable** amount of money.

A 2021 report in Pro Publica details how billionaires **avoid income taxes** in ways unavailable to mere centi-millionaires and the rest of us common folk. To pay their living expenses, billionaires **don't** take high salaries or sell securities, which would be taxable. Instead, they use their massive assets as collateral for enormous **loans**, tax-free. For example, Oracle's Larry Ellison reportedly has a $10 billion credit line, and Tesla's Elon Musk $57 billion, all secured by shares. Yes, they must repay any loans, but the interest is **deductible**, actually **reducing** the billionaire's tax liability. In this way, Carl Icahn was able to pay **zero** federal income tax in both 2016 and 2017 despite reporting a total adjusted gross income of $544 million, and Jeff Bezos paid zilch in 2007 on $46 million income. So please park your skepticism: billionaires can and do avoid paying their fair share.

And their federal tax obligation grows ever lighter, with new benefits such as the $30 million estate/gift tax exemption in the One Big Beautiful Bill Act (OBBBA). Considering all that, a 5% wealth tax may be the **least** we should be asking of them.

Now, let's turn to **Medi-Cal.** Medi-Cal provides free and low-cost health coverage to low-income families and individuals, seniors, and people with disabilities. The program covers 14 million Californians—one-third of the population, including more than half of all children in the state. The program is not cheap. In fiscal 2024, it cost $156 billion, of which $95 billion came from the federal government.

Last year, the Republican-led U.S. Congress passed OBBBA, which cut federal funding of Medi-Cal by

somewhere between $12 billion and $30 billion annually, revoked eligibility from certain immigrants, and required many enrollees to work or study.. The net impact is that 1.4 million Californians are expected to be fully **kicked off of Medi-Cal**, and another 2.1 million will have their benefits severely reduced**.** These people will no longer receive regular checkups, vaccinations, or care for common ailments. Routinely treatable infections will become life-threatening emergencies, and manageable chronic conditions will spiral out of control. As a last resort they will show up at emergency rooms, where treatment is far more expensive than preventive care. I've given up trying to understand why supporters of OBBBA think this is a good thing.

Prop 40 hopes to prevent the worst of this from happening by raising cash from California's billionaires. Prop 40 will impose a one-time, 5% tax on the total assets of all billionaires in the state. Taxpayers would have a choice of paying it all in one lump sum or spreading payments over five years, at an additional cost of 7.5% of the remaining balance each year. The tax could raise as much as $100 billion, depending on who you ask. It will be enough to forestall the looming public health disaster for at least a few years. As a bonus, Prop 40 will also put a small dent in the problems of wealth inequality and tax avoidance.

Prop 40 specifies how the Billionaire Tax will be spent: 90% to backfill federal Medi-Cal cuts, and 10% for education, food assistance, and administration. If the tax were to be collected regularly, I'd denounce it as budgeting by ballot box; I loathe such measures because they lock down budget priorities permanently in an ever-changing state. But Prop 40 **isn't** budgeting by ballot box, because it's **one time only**; after it's been collected and spent, it **won't lock down anything**.

Still, there are valid reasons to oppose Prop 40. For starters, **it may not work**. There's a strong chance courts will invalidate the tax. Jared Walczak of the Tax Foundation lists at least seven constitutional vulnerabilities in the law, from the retroactive residency date to excessive fines on appraisers who undervalue assets. Even if none of these challenges succeeds, litigating them would delay collection of the tax, potentially for many years.

Prop 40 may spur the ultra-wealthy to **leave California**, depriving us of their state income tax payments every year. Several high-profile billionaires have already departed. How painful would that be? The Legislative Analyst guesses lost revenue would total under $1 billion per year (i.e., less than 0.4% of a $250 billion General Fund). But remember how billionaires are able to **avoid income taxes**? If they've been doing that, then the departing income taxes would add up to only a **small fraction** of that estimate. So this could just be scaremongering.

Prop 40 would enact the first wealth tax in the nation. While it's limited to a one-time levy on about 200 people, some argue it would **open the door** to more such taxes, applied more often to more taxpayers. I can't say this is an unfounded concern. But in this case, this year, the threat to our public health is so dire that I'm willing to tolerate the risk.

How you vote on Prop 40 may depend on how you think it will play out. What does your crystal ball say?

- Will the Billionaire Tax be **killed by the courts**? What do Neil Gorsuch and Amy Coney Barrett think?
- If it survives, how much will the Billionaire Tax actually **collect**? Would it be zero, $20 billion, $100 billion, or more?
- Will the money collected be enough to **close the Medi-Cal gap**?
- Will billionaires find ways to **duck the wealth tax** just as they duck the income tax today?
- How many billionaires will **flee the state**? How much will that cost the General Fund every year?
- If Prop 40 passes, will it truly be a one-off, or will it be the **first of many** wealth taxes? If there's a next one, will it still apply just to billionaires, or will it expand to ensnare more—or all—taxpayers? Could it become a standard part of taxation?

Here's what I see in my crystal ball. If Prop 40 passes, it will instantly be **challenged in court** and put on hold. **No wealth tax will be collected** while it's being litigated, which will take **at least three years**. In the meantime, hundreds of thousands of Californians, shut out of Medi-Cal, will be **unable** to get routine medical treatment. Curable illnesses will linger and cause **permanent damage**, and **people will die** unnecessarily, while supporters of OBBBA take a **victory lap**. The state government will do what it can to fill the gaping budget hole, but millions will lose coverage anyway. Eventually, the US Supreme Court will **strike down Prop 40**. By then, either the public will have become accustomed to **third-world healthcare** for a substantial portion of our populace, or Congress will have come to its senses and **restored Medi-Cal funding**. My crystal ball is foggy that far out.

If the near-term outlook is so ominous, and the long-term so iffy, then why do I bother supporting Prop 40 (and droning on about it for so long)? Because these are

desperate times. The administration in Washington has made a priority of dismantling the social safety net, with disastrous consequences for the most vulnerable among us. Under these circumstances, I'll grasp at any solution, no matter how unlikely. And even if the Billionaire Tax never collects one penny, we voters will have sounded the alarm about healthcare and wealth inequality. It's worth a try.

Postscript: You may have noticed that Prop 40, which I support, is sponsored by the same healthcare workers' union that sponsored Prop 44, which I abhor. Despite their shared lineage, the two measures are very different. Prop 44 is the residue from a failed attempt to boost union membership; it persists now only as a kind of spiteful parasite. Prop 40, on the other hand, is a serious response to a real threat to the union. If Medi-Cal provider payments plummet, then healthcare clinics will be forced to lay off significant numbers of staff, including many union members. By mitigating Medi-Cal cuts, Prop 40 will preserve those union jobs. From that standpoint, the fact that Prop 40 would also protect the health of many thousands of Californians is, I suppose, a happy side benefit.

Proposition 41: Thwart the Billionaire Tax, Part 1– NO
Proposition 42: Thwart the Billionaire Tax, Part 2 – NO

SUMMARY: Regardless of how you vote on Prop 40, you should definitely vote "no" on the countermeasures, Props 41 and 42. They are **poison pills** designed to kill the Billionaire Tax forever, but they would have detrimental impacts **far beyond** that. Prop 41 would invalidate any special-purpose tax which is excluded from the Appropriations Limit, while Prop 42 would prohibit wealth taxes and retroactive taxes. These measures would straitjacket the Legislature if some future emergency requires tapping these capabilities, even temporarily. Both measures have **mouthwatering candy coatings** to induce unwitting voters to swallow them. Stop drooling. If you oppose the Billionaire Tax, then vote against Prop 40. But don't restrict how the state can tackle future crises.

DETAILS: If you want to tax billionaires' wealth, it is not enough to vote for Prop 40. You must **also** vote **against** Props 41 and 42. If either Prop 41 or 42 passes with more votes than Prop 40, the Billionaire Tax can't go into effect. Do not be swayed by the misleading, panic-inducing ads for 41 and 42; they are **pure hogwash**. Stick to your guns, and vote against both measures.

If, however, you're planning to vote "no" on Prop 40, or if you're on the fence, then **you should still oppose Props 41 and 42**. Here's why for each.

Prop 41 would kill the Billionaire Tax by requiring new, special-purpose taxes to fit within the state Appropriations Limit (aka the Gann Limit). Prop 40 would **exclude** the Billionaire Tax from that limit, in direct conflict with Prop 41. If both measures pass and Prop 41 receives more votes, it will prevail and the Billionaire Tax will be **quashed**. If you oppose Prop 40, then so far, so good.

But by requiring **all** new special taxes to honor the Gann Limit, Prop 41 could actually **prevent** the state from taxing harmful products or activities in order to address the damage they cause. These special-purpose taxes can make a lot of sense. For example, California currently taxes tobacco to fund anti-smoking programs, and auto fuel to fund road repair. Spending on these programs is excluded from the Gann Limit by "**carve-outs**" in the ballot propositions that enacted them (just as Prop 40 would do).

In a similar vein, voters may someday choose to tax online gambling to fund addiction treatment, or sugary drinks to fund diabetes prevention. Under Prop 41, those expenditures **would have to be counted** under the Gann Limit, meaning they would have to compete for limited budget dollars with nearly everything else the state funds, including health care, criminal justice, and public universities, **despite** having their own dedicated revenue streams. That's because Prop 41 **outlaws future carve-outs.** A ballot proposition could try to sidestep the restriction by **amending or repealing** Prop 41, but that would inevitably draw **fierce opposition** from the same billionaires who back Prop 41 today. In this way, Prop 41 might actually **preclude** the state from addressing important problems sensibly by taxing activities that cause them.

Prop 42 is a more direct assault on the Billionaire Tax. It would outlaw all wealth taxes, which it defines as taxes on the ownership of personal assets, investments, retirement savings, and other financial assets; assets used to collect or produce income for retirement or financial planning; and assets held directly by an individual or indirectly through Trusts or Investment vehicles. As with Prop 41, this may sound great to opponents of Prop 40.

But there are important downsides to Prop 42. First,

Prop 42 would prevent the state from addressing **wealth inequality** in a meaningful way. Our 200-plus billionaires have a combined wealth exceeding $2 trillion; Prop 40 would tap that wealth once. But billionaires don't represent the full extent of the problem. The Public Policy Institute of California estimates that the **top fifth** of California households have, on average, $1.6 million in assets, while those in the bottom fifth have just $13,000. That's **124 times** the wealth. To reduce that disparity ever-so-slightly, you can imagine a progressively-tiered wealth tax on the top fifth, collected annually, starting at 0.1% on assets above $1 million, maybe capped at 0.8% above $10 million; it would bring in tens of billions of dollars, and be less vulnerable to fluctuations in personal capital gains. It sounds like a step worth considering, but Prop 42 would make it illegal.

Prop 42 also **cuts off** an important option that the state might need in a future emergency. The coming decades may bring disasters from climate change, earthquakes, financial collapse, pandemic, military action, water shortages, you name it. When those happen, the state should be able to respond decisively, and have appropriate means to pay for it. Prop 42 rules out a tool with enormous potential during extended crises.

Props 41 and 42 both contain meaningless provisions intended to **distract** you from their objective of **shielding billionaires' assets**. Prop 41 would require an **audit** of any program that would receive funding from a special tax in a future ballot proposition. Exactly what voters are supposed to do with this information is a mystery. I just can't see anyone saying, "I like Prop 40's idea of taxing billionaires to backfill federal healthcare cuts, but the pre-election audit shows that healthcare delivery is 12% inefficient, so those Medi-Cal patients will just have to get sick and die. Sorry." It's absurd.

Prop 42 makes it illegal to tax retirement savings, among other assets, leading the campaign in favor to shriek loudly that your retirement will be in jeopardy unless the measure passes. This is, of course, **utter hogwash**. The campaign for Prop 42 is trying to **frighten** you, thereby activating the fight-or-flight response in your **lizard brain**, which always overrides rational thought. "Prop 42 is coming for my hard-earned retirement savings!" you're supposed to think. Faced with that prospect, you could not be blamed for grabbing your shotgun, boarding up your windows, and buying survivalist supplies. I would, too. **But it's a lie.** Nobody in their right mind would vote to tax ordinary folks' retirement savings. The official argument in favor of Prop 42 cites six recent legislative proposals to tax retirement savings, but they all applied **only to the ultra-wealthy**, and every one of them died in committee or never even got a hearing. Unfortunately, the campaign of Prop 42 is spending over $70 million to raise the specter of raids on everyone's retirement savings. We can only hope they won't succeed.

Proposition 43: Close the "Upland Loophole" on Local Taxes – NO

SUMMARY: Prop 218 of 1996 requires that **special taxes** (i.e., taxes that fund specific programs) must be approved by a **two-thirds** vote of the electorate. But in 2017, the state Supreme Court ruled that special taxes proposed by **initiative** can be approved by **simple majority**. That case was *California Cannabis Coalition v. City of Upland;* hence the Upland Loophole. Prop 43 would effectively reverse the court's decision, requiring a two-thirds vote of the electorate to enact, extend, or increase local special tax initiatives. There are many good reasons to oppose Prop 43. I like the argument that two-thirds of voters will approve a special tax **only** when there's an urgent crisis, which will be **far more damaging and expensive** to fix than if it had been prevented earlier by a simple majority who care about the public good.

DETAILS: This fall, in addition to the fourteen statewide propositions, Bay Area voters will vote on a five-county sales tax increase to help fund public transit. It's named Measure RTM, for "Read The Manual"—no, wait, "Regional Transit Measure." Or was it "Remember The Maine?" Whichever it is, it will require only a **simple majority** vote to pass.

You would be forgiven for asking why it won't require a **two-thirds** vote, as specified in the famous Prop 13 (1978), affirmed in Prop 62 (1986), and constitutionalized in Prop 218 (1996). Good question. Here's the scoop: Prop 218 (now Article XIII C of the Constitution) states, *"No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a **two-thirds** vote."* Note the second and third words: "local government." In 2017, the state Supreme Court ruled that "local government" meant the local city council, board of supervisors, or other governing board, but **not the citizens**. If citizens use initiative petitions to impose/extend/increase special taxes, **that isn't covered** by Article XIII C, so all that's needed is a simple majority.

The case was named *California Cannabis Coalition*

v. City of Upland, so the resulting right of citizens to pass local special tax initiatives by simple majority is now known as the **Upland Loophole**. (If there isn't a band named The Upland Loophole, there certainly should be. I'm thinking bluegrass, or maybe avant garde a cappella.) The loophole applies only to citizen **initiatives** (not legislative measures) at the **local** level (not state) that impose **special** taxes (i.e., taxes that fund specific programs, as opposed to "general" taxes). Measure RTM fits through the loophole, because it was placed on the ballot via citizen petition, applies just to five counties, and specifically funds public transit.

Prop 43 will close the Upland Loophole, requiring a two-thirds vote to impose, extend, or increase any local special tax. It's refreshingly short: just three little paragraphs on p. 153 of the Prop Book.

I oppose Prop 43 for the same reasons I opposed its predecessors. Requiring a two-thirds vote gives "no" voters **twice the power** of "yes" voters, allowing a minority to dictate policy to the majority. Because many voters don't pay close attention to the issues (the way responsible citizens like you and I do), it's relatively easy for a well-funded, deceptive campaign to **scare** 34% into voting against a measure. Amassing a two-thirds majority requires an all-out effort, severely limiting **how often** campaigns can occur. Most importantly, those last few hold-outs won't vote for a tax increase until the need for it is **blindingly obvious**—think flooding, or wildfire, or a collapsed school building, or public transit canceled on nights and weekends. We shouldn't have to experience those awful scenarios in order to address problems we can see coming **far in advance**. Defeating Prop 43 will allow voters to choose to deal with them **before** they become emergencies.

If I had my druthers, we would repeal the two-thirds requirement for all tax measures. But that option isn't available this election. What we **can** do is preserve a valuable loophole that helps communities address serious local problems. It may not be much, but it's worth your "no" vote.

Proposition 44: Require Clinics to Spend 90% on Healthcare – NO

SUMMARY: Remember those nuisance propositions about dialysis clinics a few years back? Prop 44 is a tired retread of those, this time targeted at community health clinics in medically underserved areas. More extortion than legislation, this measure was designed to be **withdrawn** before the ballot was finalized in exchange for boosting union membership at certain clinics. But negotiations broke down, and here we are. There is no reason anyone should vote for Prop 44.

DETAILS:

Welcome to ChatGPETE!

Wazzup, dog? Or, how can I help you with?

What is Prop 44?

What a great question! Prop 44 was the name given by the production crew of Citizen Kane to a specific movie prop, in this case the sled used by a young Charles Foster Kane. Prop 43 was the fake snow made of asbestos, and Prop 45 was the huge poster at Kane's political rally.

That doesn't sound

How very insightful of you! As you suggest, further research shows that I should qualify my previous answer. Prop 44 is an initiative sponsored by Service Employees International Union-United Healthcare Workers West (UHW for short). It would require FQHCs to spend at least 90% of their annual revenue on expenses that directly advance their mission, which is to provide primary health care to underserved populations.

fqhcs?

Zxcopviu wwe sdfjx wewe sdfo bmweo fqhcs.

What?

As I just said, FQHCs, or Federally Qualified Health Centers, are clinics that provide primary care and preventive services in underserved communities. They're sometimes called safety-net clinics. There are about two thousand FQHCs in California. They are funded though federal and local grants, Medi-Cal reimbursements, private insurance, and patient co-payments. Most FQHCs are private nonprofits, and some are public.

Would you like me to restate that in Pirate-speak?

Um, sure, why not

Arrr! Fedarrally Qualified Health Centarrs be clinics that tend to the sick and keep scurvy and other ailments at bay where medical care be scarce. Some two thousand be scattered across the fair shores of California. Their coffers be filled from many a source: federal and local booty, Medi-Cal plunder, pirate insurers, and a few coins from patients themselves. Most FQHCs sail under private flags, though some be crewed by the public sectarrrr. Avast!

Is there a problem with how much clinics have been spending on their

No.

Then why is Prop 44 on the

What an—unbelievably—astute question! You're—undoubtedly—Nobel Prize material.

Prop 44 is a ploy to increase UHW membership. FQHCs employ around 100,000 healthcare workers, roughly one-third of whom are under collective bargaining agreements. UHW wants to represent the rest. Prop 44 is the latest in a series of ballot propositions whose purpose is to pressure medical clinics to drop their sometimes fierce resistance to unionization. You may remember Props 8 (2018), 23 (2020), and 29 (2022) regarding kidney dialysis clinics. Prop 44 fits this pattern.

In California, initiative proponents are allowed to withdraw measures after submitting petitions, thereby letting them forge compromise deals with other interested parties that allow everyone to avoid an expensive proposition campaign. This year, after UHW had qualified Prop 44, UHW President Dave Regan and clinic association head Francisco Silva sat down to hammer out a deal (despite—weirdly—having only five fingers on each hand). According to Silva, they reached a tentative agreement to pull Prop 44 from the ballot in exchange for clinics dropping some of their resistance to UHW unionization of workers. Politico's Rachel Bluth gives details:

> "[I]n each of five years the agreement would be in effect, the clinics collectively would have to hold an election for at least 5,000 employees, potentially netting Regan the 25,000 new dues-paying members he allegedly told Silva he wanted at the outset. In exchange, the union would pull the measure from the ballot and agreed not to 'propose, sponsor, finance, qualify, circulate, file, or publicly support any statewide or local ballot measure' hostile to the clinics through the end of 2030."

But as the June 25th deadline approached, the purported deal fell apart, with Regan and Silva offering different accounts of why. My suspicion is that the union didn't get what it wanted, and decided essentially to shake down the clinics for the cost of a statewide campaign. As of late September, that cost has

been $37 million.

Should I vote for it?

Neither you nor anybody else should vote for Prop 44. Both the Democratic and Republican parties have come out against it. Aside from UHW, no one has endorsed Prop 44, while everyone from Planned Parenthood to the Howard Jarvis Taxpayers Association to the League of Women Voters is against it.

Would you like me to summarize that?

Okay

Vote "no."

Proposition 45: Speed Up Environmental Reviews – NO

SUMMARY: Prop 45 would speed up the approval of most housing, transportation, water and health projects by imposing time limits on environmental reviews and lawsuits conducted under CEQA, the state's environmental review law. It's incredibly complicated and nuanced, and affects everyone in the state. Because of that, this issue shouldn't be decided by poorly informed voters in an **all-or-nothing ballot measure**. Instead, it **belongs in the Legislature**, which can (and regularly does) fine-tune CEQA to fit current conditions. Prop 45 would place much of CEQA out of reach of the Legislature, leaving us with a rigid process tailored to the needs of the building industry, which wrote the proposition.

DETAILS: This is the hardest proposition on the ballot. It concerns the complex California Environmental Quality Act (CEQA), with its mountain of regulations, processes, and case law. It pits two of my favorite causes **against each other**: building more **housing** versus conserving the **environment**. If you were expecting things to get easier at the end of the ballot, I'm sorry.

CEQA was signed into law by Governor Ronald Reagan in 1970, a few months after the first Earth Day. Its purpose is to inform the public about the potential environmental impacts of proposed projects, and to reduce those impacts to the extent feasible. Initially, CEQA applied only to public works, but within two years, court decisions and legislation swelled its purview to include **all** projects needing permits or approvals. Since then, the Legislature has added more and more provisions, so that CEQA, originally just four pages long, now runs well over one hundred.

It now takes an average of two and a half years to obtain approval to build a large project. The process begins with a permitting agency, such as a city's planning department, **evaluating** potential environmental impacts from a proposed project. For larger projects, the developer must submit a formal environmental impact report (**EIR**), which can be time-consuming and expensive. The permitting agency solicits and records **public comment**, taking more time. Once the agency has made a decision, project supporters and opponents might **sue the agency**, claiming it did not follow CEQA correctly either in its findings or the process. These lawsuits can take **years**, costing developers **millions** in consulting and legal fees. For example, a new Costco in Camarillo was delayed by three years of litigation over its EIR; it finally opened this September.

Prop 45 seeks to reduce these delays. The initiative, written by the state Chamber of Commerce in support of the construction industry, would speed up approval of what it calls "essential projects" by imposing **timelines** for agency rulings, **narrowing environmental analysis**, and **limiting legal challenges**. The definition of "essential projects" is quite broad: housing, clean energy, water infrastructure, medical facilities, public schools, transportation, and a few other categories. Prop 45 would **not eliminate** environmental reviews and court challenges, but it would restrict them significantly.

That won't necessarily be a good thing. Challenges to EIRs **protect the public** from serious environmental harm. For example, in 2008, citizens challenged the EIR for a Chevron refinery expansion in Richmond; the challenge prevented pollution that would have resulted from processing heavier crude. And in 2019, environmental organizations challenged the approval of a large housing and commercial development in San Diego County, resulting in reduced greenhouse gas emissions, lower risk of wildfire, and preservation of an endangered butterfly. Obviously, we don't want Prop 45 to diminish this vital public benefit,

Prop 45 hopes to walk a fine line between preventing interminable delays and preserving opportunities for public input and challenges. It places **strict timelines** on key segments of the CEQA approval process, limiting potential delays and their associated costs. For example, there is currently **no deadline** for a permitting agency to determine whether to certify an EIR; it often takes more than two years. Under Prop 45, agencies would have to

make the decision within **17 months**. Also, there is currently **no time limit** on judicial review of legal challenges to an EIR; cases often take years. Under Prop 45, courts must resolve challenges within **nine months**, including appeals.

It seems sensible to impose deadlines. But are these the **right** timelines, or are they too short or long? Should they be one-size-fits-all (as proposed), or on a sliding scale? We won't know until we have some **experience** with them. And that's **potentially problematic**, because adjusting the timelines in Prop 45 will require a **two-thirds majority** of the Legislature. Whether they'll be able to reach that level of agreement in the face of hard lobbying from builders, environmentalists, and others is an open question.

Prop 45's limitations on what can be challenged are tilted too far towards developers. Under Prop 45, legal claims would have to identify violations of "objective existing laws." If there's some novel threat to the environment not explicitly named in existing law, the court may have to approve an EIR anyway. And Prop 45 places new limits on the evidence that can be used to support challenges, so that late-breaking issues cannot be introduced. All of these will certainly speed the CEQA process along, but at the cost of basic fairness.

In addition to developers and environmentalists, there's a third player in this game: **construction trade unions**, who have been **abusing** the process. There is a long record of construction unions filing EIR challenges to projects whose developers plan not to pay prevailing wages or hire union workers. The unions then drop the challenges when the developers offer a project labor agreement. This has happened over and over: the Convention Center expansion in San Diego; the Icon Panorama project in Los Angeles, and more. It's as if unions don't really care about the environmental aspect, and are using expensive, project-delaying lawsuits as **leverage** to extract concessions from builders. I'm told the fashionable term for that is **weaponization**.

Prop 45 hopes to address this abuse by limiting the effect of EIR challenges. Under the measure, even when a challenger wins, a judge cannot overturn approval of the **entire** project. Instead, the court may halt only **the portion affected** by the violation while the agency corrects the problem. This will reduce unions' leverage considerably, and may decrease the frequency of their, shall we say, **insincere** challenges. This provision is the reason construction workers unions, who should want projects to get **faster** approval, actually **oppose Prop 45**. To justify their position, union leaders spout some hooey about long-term backlash brought on by a too-permissive CEQA under Prop 45, but that's utterly implausible. Prop 45 will blunt the effectiveness of CEQA weaponization. Ordinarily I like to support labor unions, but in this case, I think Prop 45 has it right. Still, it's not enough to outweigh my reservations.

Developers have been known to subvert CEQA too, if they're well-connected in Sacramento. The Legislature regularly carves out **exemptions** for certain favored projects. Recent examples include the Midway Rising sports arena complex in San Diego, the California Forever development in Solano County, and oil rigs in Kern County. Getting the Legislature to shield a project from EIR lawsuits saves developers monumental amounts of time and money, of course.

Curiously, **environmental groups** seem to be sitting this one out. If Prop 45 were truly a threat to the environment, then you'd expect major organizations to be front and center in the campaign to defeat it, because of the limits to environmental challenges. But the Sierra Club, Nature Conservancy, NRDC, and others have done virtually **nothing** beyond endorsing the anti-45 campaign. If they considered the proposition important, they would help fund the campaign, and you'd see ads and banners urging "no" votes on their websites' front pages. As of mid-September, none of that is happening.

In 2025, the Legislature tried to address the CEQA bottleneck with a pair of bills: A.B. 130 and S. B. 131. The two new laws show the Legislature is willing to act in order to speed construction of apartment buildings in urban areas. Has it worked? It's **too soon to tell.** In light of the new laws, you could say Prop 45 is premature.

This cuts to the core of CEQA. Look back at the original purpose of the act: to inform the public about **potential** impacts of **proposed** projects—in other words, to **imagine the future**, good and bad. EIR challenges concern things that **don't exist yet**. In that kind of system, it makes **no sense** to nail things down the way Prop 45 proposes. If Prop 45 fails, a majority in the Legislature can continue to tweak CEQA as needed to address issues as they arise. Urgent need for a particular type of housing? Carve out an exemption. New environmental hazard? Add it to EIR approval criteria. But if Prop 45 **passes** and a new issue becomes urgent, the Legislature will be forced to muster a two-thirds majority of both houses to enact any changes, making it less likely they'll be able to adjust the law as needs arise. Considering how rotten we are at predicting future events, impeding the Legislature is the wrong solution.

My Semi-Biennial Lecture on Bonds

When California wants to finance a large project, it asks voters for permission to take out a loan. Props 1 and 38 on this ballot are just such requests. If voters approve, the state may take out loans for the projects by selling general obligation bonds, which are paid back with interest over 20-30 years. 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 so, but at today's rates, each dollar of bond money will cost only fifteen cents in interest, accounting for inflation. (See details on p. 80 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 **$18 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 about 3% of the General Fund, down from a high of nearly 6% sixteen years ago and below the historical average of 4%. Props 1 and 38 would increase it to about 3.5%, still within reasonable limits.

The bonds on this ballot fund long-lived, tangible acquisitions, such as apartment buildings, water and sewage infrastructure, and college dorms. It's sensible to make extended payments for things that will be used far into the future.

[Here I depart from the usual lecture:] It is **not** sensible, however, for bonds to fund operational or transient expenses such as lab administration, research staff salaries, consumable goods, and other indirect costs, as Prop 38 proposes. Prop 38 is a **flagrant violation** of sensible bond use principles. For this reason and others, **I oppose Prop 38**. *[End of departure.]*

Remember, too, that California's population continues to grow by millions every decade. (Yes, there was a brief lull after the pandemic, but that's over. This is still the best state to live in, and everyone knows it.) Borrowing makes particular sense if you know your income will go up in the future. As the state grows, over time the General Fund will grow too.

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.

Copyright © 2026 Peter L. Stahl
www.peterates.com
Your comments are welcome at pete@peterates.com