REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

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915 I Street, Sacramento, CA 95814-2671

STAFF REPORT
September 16, 2006

Honorable Members of the
Law and Legislation Committee

Subject: City Positions on November 2008 State Ballot Measures

Location/Council District: Citywide

Recommendation:

This report recommends that the Law and Legislation Committee approve staff recommendations or provide direction regarding a City position on the 12 propositions on the November State ballot and forward to the Mayor/Council for adoption.

Contact: Michelle Heppner, Special Projects Manager, 808-1226
Patti Bisharat, Director of Government Affairs, 808-8197

Presenters: Michelle Heppner, Special Projects Manager

Department: City Manager's Office

Organization No: 0310

Description/Analysis

Issue: There are 12 propositions on the November 4, 2008 State ballot. This report provides a short description of each ballot measure and the recommendation of staff on a City position for each proposition. The Board of Directors for League of California Cities has opted to delay formal action on all ballot measures.

Staff reviewed the 12 measures on the November 2008 State ballot. In developing recommendations on whether to support, oppose, remain neutral or take no position on the various ballot measures, staff considered whether the measures would directly affect the City or its operations. If the measure would have no direct effect on the City, staff recommends taking no position. Also, given the current state budget situation and its long term outlook, staff recommends a neutral opposition on bond measures that would increase state debt.

The 12 state ballot measures and the recommended positions are:

Measure	Title	Recommended City Position
Proposition 1A	Safe, Reliable High-Speed Passenger Bond Act (AB 3034	Neutral $19.4 Billion * ($647 Million) **
Proposition 2	Treatment of Farm Animals	Support
Proposition 3	Children's Hospital Bond Act Grant Program	Neutral $1.91 Billion * ($64 Million) **
Proposition 4*	Waiting Period and Parental Notification Before Terminating of Minor's Pregnancy	No Position
Proposition 5	Nonviolent Offenders. Sentencing, Parole and Rehabilitation	Oppose
Proposition 6	Criminal Penalties and Laws. Public Safety Funding	Support
Proposition 7	Renewable Energy	Oppose
Proposition 8	Limit on Marriage	Neutral
Proposition 9	Criminal Justice System. Victims' Rights. Parole	Neutral
Proposition 10	Bonds. Alternative Fuel Vehicles and Renewable Energy	Neutral $10 Billion * ($335 Million) **
Proposition 11	Redistricting	No Position
Proposition 12	Veteran's Bond Act of 2008	Neutral $1.8 Billion * ($59 Million) **

* *Total Bond amount including Principle and Interest (Source: LAO)*
** *Annual Repayment amount which assumes an interest rate of 5% (Source: LAO)*
*** *The City Council adopted an "Oppose" position on similar measures in 2005 and 2006*

A summary of each state ballot measure is provided in the background section as "Attachment 1" of this report. A copy of the analysis of each proposition by the Legislative Analyst's Office is provided as "Attachment 2" of this report.

Policy Considerations: The recommended positions are consistent with the Council adopted legislative principles related to retaining local control over issues impacting the City and supporting opportunities for partnerships and additional revenues, as well ensuring the retention of existing state funds.

Environmental Considerations: None.

California Environmental Quality Act (CEQA):

Under the California Environmental Quality Act (CEQA) guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review.

Sustainability Considerations: Not Applicable.

Rationale for Recommendation: The recommended positions are consistent with the Council adopted legislative principles related to retaining local control over issues impacting the City and supporting opportunities for partnerships and additional revenues, as well the Council adopted legislative platform establishing legislative priorities for the City.

Financial Considerations: None.

Emerging Small Business Development (ESBD): None.

Respectfully Submitted by: _____
Michelle Heppner, Special Projects Manager

Recommendation Approved:

for Patti Bishart
Ray Kerridge
City Manager

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BACKGROUND

The following is a brief summary and analysis of notable local impacts of each of the propositions as applicable:

PROPOSITION 1a - SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT FOR THE 21ST CENTURY. SB 1856 (CH. 697, 2002) COSTA.

Staff Recommendation: **NEUTRAL**

This measure would provide $9.95 billion through the issuance and sale of general obligation bonds, $9 billion to begin planning and construction of a high-speed rail system in California, and $950 million to fund capital projects, capacity enhancements, and safety improvements on other passenger rail systems to provide connectivity to the high speed rail system.

The high speed rail system would be designed and built to operate at 200+ miles per hour potentially connecting Sacramento with the Bay Area, Los Angeles, San Diego, and points in between. Phase 1 of the system has been identified as the San Francisco Transbay Terminal to the Los Angeles Union Station and Anaheim. Bond proceeds could only be allocated to the Sacramento-Stockton-Fresno corridor upon a finding by the High Speed Rail Authority that doing so would not have an adverse impact on Phase 1, would advance the construction of the system, and would require the least amount of bond funds as a percentage of total cost of construction.

Local Impacts: The costs of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. While the measure allows for bonds to be issued with a repayment period of up to 40 years, the state's current practice is to issue bonds with a repayment period of up to 30 years. If the bonds are sold at an average interest rate of 5 percent, and assuming a repayment period of 30 years, the General Fund cost would be about $19.4 billion to pay off both principal ($9.95 billion) and interest ($9.5 billion). The average repayment for principal and interest would be about $647 million per year. While investing in the development of a high speed rail system that will eventually serve Sacramento is a worthwhile endeavor, staff does not believe that this is the right time to support this measure given the state's fiscal crisis.

PROPOSITION 2 - TREATMENT OF FARM ANIMALS. STATUTE.

Staff Recommendation: **SUPPORT**

Beginning January 1, 2015, this measure prohibits with certain exceptions the confinement on a farm of pregnant pigs, calves raised for veal, and egg-laying hens in a manner that does not allow them to turn around freely, lie down, stand up, and fully extend their limbs. Under the measure, any person who violates this law would be guilty of a misdemeanor, punishable by a fine of up to $1,000 and/or imprisonment in county jail for up to six months.

Local Impacts: Passage of this measure could result in unknown, but probably minor, local and state costs for enforcement and prosecution of individuals charged with the new animal confinement offense. These costs could be partially offset by revenue from the collection of misdemeanor fines.

PROPOSITION 3 - CHILDREN'S HOSPITAL BOND ACT GRANT PROGRAM. STATUTE.

Staff Recommendation: **NEUTRAL**

The "Children's Hospital Bond Act of 2008" is a statewide bond measure with revenues dedicated to Children's Hospitals to extend and build on the progress made possible by the 2004 Bond Act. These additional funds will make the purchase of new medical technologies and essential facilities expansion possible. It will authorize $980 million for grants of approximately $98 million for each of the qualifying non-profit Children's Hospitals to expand and renovate to make more room to treat more children, and to purchase life-saving medical equipment for the treatment of the most seriously ill and injured children in the State. It would also authorize approximately $39 million for grants to each of the University of California Children's Hospitals.

Local Impacts: Passage of this measure would result in significant state obligation estimated by the Legislative Analyst's Office to be approximately $2 billion over 30-years. This would obligate the State General Fund to an additional $64 million per year over the loan period. While investing in children's hospitals is a worthwhile endeavor, staff does not believe that this is the right time to support this measure given the state's fiscal crisis.

PROPOSITION 4 - WAITING PERIOD AND PARENTAL NOTIFICATION BEFORE TERMINATION OF MINOR'S PREGNANCY. CONSTITUTIONAL AMENDMENT.

Staff Recommendation: **NO POSITION** (*Note that the City Council adopted an OPPOSE position on similar measures in 2005 and 2006*)

This proposition amends the California Constitution to require, with certain exceptions, a physician (or his or her representative) to notify the parent or legal guardian of a pregnant minor at least 48 hours before performing an abortion involving that minor. (This measure does not require a physician or a minor to obtain the consent of a parent or guardian.) This measure applies only to cases involving an "unemancipated" minor. The proposition identifies an unemancipated minor as being a female under the age of 18 who has not entered into a valid marriage, is not on active duty in the armed services of the United States, and has not been declared free from her parents' or guardians' custody and control under state law.

PROPOSITION 5 – NONVIOLENT OFFENDERS. SENTENCING, PAROLE AND REHABILITATION. STATUTE.

Staff Recommendation: **OPPOSE**

The Nonviolent Offender Rehabilitation Act of 2008 (NORA) would: expand drug treatment diversion programs for nonviolent offenders; modify parole supervision procedures and expand prison and parole rehabilitation programs; allow for additional early release credits for participation and performance in rehabilitation programs; change the penalties for marijuana possession; and make various changes to the organization of rehabilitation programs in the California Department of Corrections and Rehabilitation (CDCR).

Specifically, NORA would:

- Replace current incarceration diversion/rehabilitation and treatment programs for drug-offenders with a three-tiered system, as follows:
    1) Track I: Provides individuals a deferred entry of judgment arrangement with the court, if no violent or serious offenses are on their record, which does not require probation supervision. This initiative expands the availability of such diversion programs, funded by the state, which permits offenders with one prior drug offense to participate. An offender who completes an assigned drug treatment program and does commit additional offenses during that time would have the charges against them dismissed by the court.

    2) Track II: Establishes a modified form of the existing Proposition 36 programs, which divert nonviolent drug-offenders to treatment and probation for up to a year, and allows the diversion of offenders who were also convicted at the same time of a non-drug related crime. Offenders with five or more offenses in the prior 30 months (other than infractions) are excluded from incarceration diversion under Track II.

    3) Track III: Provides treatment and probation supervision in lieu of incarceration for up to 18 months (or 24 months with an extension). Judges are provided discretion as to which non-violent drug possession offenders would be admitted, except that a drug offender excluded from Track II for having five or more prior felonies or misdemeanors in the prior 30 months must be placed in Track III. The measure allows both offenders who committed a nonviolent drug possession violation, as well as those who committed other types of crimes but appear to have a drug problem, to be diverted to Track III treatment programs.

- Appropriate approximately $300 million additional General Fund dollars annually, beginning in Fiscal Year (FY) 2009-10, to existing and new incarceration diversion and substance abuse treatment/rehabilitation programs, as follows:
    1) $150 million from the state General Fund to the Substance Abuse Treatment Trust Fund (SATTF) for the second half of FY 2008-09 and $460 million in FY 2009-10, with cost of living and population adjustments required under its terms. Designates 15 percent of the remaining funds after

administrative costs for Track I programs, 60 percent for Track II programs, and 10 percent for Track III programs.

2) Discontinue funding for existing drug treatment and substance abuse rehabilitation programs provided under Penal Code Section 1000, Proposition 36, and drug courts.
3) Establish a county-operated program for non-violent youth offenders through SATTF allocation for drug treatment, mental health, medication, counseling, family therapy, stipends for higher education and employment, and transportation.
4) Establish a state-level Treatment Diversion Oversight and Accountability Commission to determine program funding rules regarding SATTF distribution and use, and develop program evaluations receiving SATTF funding.

- Require the California Department of Corrections and Rehabilitation (CDCR) to provide new substance abuse rehabilitation services, reimbursements to county programs, and reorganize under a joint secretary structure, as follows:
  1) Provide and fully fund rehabilitation programs to all state inmates, except those with life terms, at least 90 days before release from prison, and allow parolees to receive rehabilitation services for up to one year through local community treatment programs.
  2) Provide funding for all county-level treatment and rehabilitation services provided to parolees who have committed a nonviolent drug parole violation.
  3) Establish and fund regional incarceration-diversion pilot programs for parolees who have committed drug parole violations.
  4) Commission and fund various reports and studies related to inmate and parole populations and rehabilitation program effectiveness.
  5) Create a second Secretary-level position with oversight on rehabilitation and parole programs in the CDCR, maintaining the original Secretary-level position to oversee corrections only.

- Change parole terms and the parole violation structure for certain offenders, as follows:
  1) Limit most non-violent drug offenders parole term to three years or less, and increase parole terms for violent, serious felonies by two years, with greater parole terms for sex offenses, as provided under current law.
  2) Award additional early release credits on the grounds of rehabilitation program completion or treatment progress, but only for non-violent, non-serious, and non-sex related offenders.
  3) Redefine parole violations to prohibit parolees from being returned to state prison for technical or misdemeanor violations and provides for revocation of parole for felony violations, for individuals who are classified as high-risk by the CDCR, or have violent or serious offenses on their record.
  4) Create a state Parole Reform Oversight and Accountability Board with the authority to review, direct, and approve the rehabilitation programs and to set parole policies.

- Reduce penalties for marijuana possession (less than 28.5 grams) for adults and minors, as follows:
    1) Reduce first offense for adults from a misdemeanor to an infraction and maintain the fine of up to $100.
    2) Reduce the first offense for minors from a fine to mandatory participation in a drug education program.
    3) Maintain $250 fine for repeat offenses by a minor in addition to mandatory participation in a drug education program.

- Require county jails to provide materials and strategies on drug overdose awareness and prevention to inmates prior to release.

- Increase membership for the State Board of Parole Hearings from 17 to 29 commissioners and change parole revocation procedures to reduce hearing timelines and provide all parolees the right to legal counsel at those hearings.

Local Impacts: Passage of this measure could result in unknown increases in county operating costs and unknown reductions in county revenues. In addition, counties could face added capital outlay costs for housing parole violators, but decreased costs from the diversion of some offenders from jails to drug treatment. Similarly the City of Sacramento could realize additional costs associated with increased law enforcement required due to the more criminals on the loose.

PROPOSITION 6 – CRIMINAL PENALTIES AND LAWS. PUBLIC SAFETY FUNDING. STATUTE.

Recommendation: **SUPPORT**

This measure, the "Safe Neighborhoods Act" creates and revises numerous state and local criminal justice programs to address criminal street gang activity, firearms and narcotics, child abuse, victim protection, juvenile offender programs, parole and community reentry, juvenile and county jail facilities, and the electronic monitoring of sex offenders, funded through state General Fund appropriations. The initiative also increases criminal penalties for gang activity, drug and firearm possession and sales, sex offender registration and monitoring, and other serious or violent felony charges.

Local Impacts: The extent and magnitude of impacts are unknown. However, this measure could result in increased costs to the extent that the additional funding provided for local law enforcement activities results in more offenders being arrested, prosecuted, and incarcerated.

PROPOSITION 7 - RENEWABLE ENERGY. STATUTE.

Staff Recommendation: **OPPOSE**

This measure makes a number of changes regarding RPS (Renewables Portfolio Standard) and the permitting of electricity generating facilities and transmission lines. Primarily, the measure:

- Establishes additional, higher RPS targets for electricity providers.
- Makes RPS requirements enforceable on publicly owned utilities.
- Changes the process for defining "market price of electricity."
- Changes the cost cap provisions that limit electricity provider obligations under the RPS.
- Expands scope of RPS enforcement.
- Revises RPS-related contracting period and obligations.
- Sets a lower penalty rate in statute and removes the cap on the total penalty amount for failure to meet RPS requirements.
- Directs the use of RPS penalty revenues.
- Expands Energy Commission's permitting authority.

Local Impacts: Changes in electricity rates would affect government costs since state and local governments are large consumers of electricity. It is unknown, however, how the measure will affect electricity rates, both in the short term and in the longer term. This is because it is difficult to predict the relative prices of renewable resources and those of conventional electricity sources, such as natural gas. The measure could result in higher or lower electricity rates from what they would otherwise be. Because the measure's effect on long-term electricity rates is unknown, the measure's effect on long-term government revenues is also unknown.

PROPOSITION 8 - LIMIT ON MARRIAGE. CONSTITUTIONAL AMENDMENT.

Staff Recommendation: **NEUTRAL**

This measure amends the California Constitution to specify that only marriage between a man and a woman is valid or recognized in California. As a result, notwithstanding the California Supreme Court ruling of May 2008, marriage would be limited to individuals of the opposite sex, and individuals of the same sex would not have the right to marry in California.

Local Impacts: It is anticipated that increased spending will occur on weddings between same sex couples, thereby increasing sales tax revenues in local jurisdictions. However, this measure would likely have little fiscal impact on state and local governments.

PROPOSITION 9 - CRIMINAL JUSTICE SYSTEM, VICTIMS' RIGHTS, PAROLE. CONSTITUTIONAL AMENDMENT AND STATUTE.

Staff recommendation: **NEUTRAL**

In June 1982, California voters approved Proposition 8, known as the "Victims' Bill of Rights." Among other changes, the proposition amended the Constitution and various state laws to grant crime victims the right to be notified of, to attend, and to state their

views at, sentencing and parole hearings. Proposition 8 established the right of crime victims to obtain restitution from any person who committed the crime that caused them to suffer a loss. This measure, known as Marsy's Law, would expand the legal rights of crime victims and their ability to seek restitution; create restrictions on the early release of inmates from incarceration; and restructure the granting and revocation of parole.

Specifically, Marsy's Law would:

- Expand of the legal rights of crime victims and their ability to collect restitution, as follows:
  1) Expand established legal rights for crime victims to be notified of, attend, and state their views in sentencing and parole hearings to include various types of criminal proceedings, including the release from custody of an offender after their arrest.
  2) Require law enforcement and criminal prosecution agencies to provide victims with a "Marsy's Rights" card detailing the victim's rights and resources, or a "Victims Survival and Resource Guide" containing similar information.
  3) Expand the rights of crime victims and their families to: prevent the release of certain confidential information or records to criminal defendants; protect them from harm from individuals accused of committing crimes against them; ensure the return of property no longer needed as evidence in criminal proceedings; and finality in criminal proceedings in which they are involved.
  4) Require judges, in setting bail for criminal offenders, to take into consideration the safety of the crime victim.
  5) Require that restitution be ordered from offenders who have been convicted in any case in which a victim suffers a loss.
  6) Require that any funds collected by a court or law enforcement agency, from a person ordered to pay restitution, would go to pay victim restitution first, in effect prioritizing those payments over other fines and obligations an offender may legally owe to state or local agencies.

- Restrict the early release of inmates, as follows:
  1) Specify that criminal sentences imposed by the courts shall be carried out per the courts' sentencing orders, and shall not be substantially diminished by early release policies to alleviate overcrowding in prison or jail facilities.
  2) Provide sufficient funding to house inmates for the full terms of their sentences, except for statutorily authorized credits which reduce those sentences.

- Modify parole consideration for inmates with life sentences, as follows:
  1) Require that inmates who were previously denied parole have a longer time period before their next parole consideration hearing, by as much as 15 years.
  2) Require earlier advance notification to crime victims when inmates are to come before the board for parole consideration.
  3) Allow crime victims to bring additional family members or other representatives to testify at parole board hearings.

- Modify parole revocation procedures for paroled offenders, as follows:
  1) Create longer parole hearings deadlines on parole revocation charges.

2) Restrict legal counsel to be provided to parolees facing revocation charges on a case-by-case basis, and only if the parolee is deemed indigent, their case is complex, or they are incapable of defending themselves because of a mental or educational incapacity.

Local Impacts: The net fiscal impact of these changes in restitution funding and legal rights of criminal victims on the state and local agencies is unknown.

PROPOSITION 10 - BONDS. ALTERNATIVE FUEL VEHICLES AND RENEWABLE ENERGY. STATUTE.

Staff Recommendation: **NEUTRAL**

The state administers a number of programs to promote renewable energy (such as solar and wind power), alternative clean fuels (such as natural gas), energy efficiency, and air quality improvements. Some programs provide financial incentives, such as grants, loans, loan guarantees, rebates, and tax credits. Funding for these programs has primarily come from fee revenues, although general obligation (GO) bonds more recently have been a funding source for air quality-related incentive programs. This measure, known as the "The California Renewable Energy and Clean Alternative Fuel Act" will allow the state to sell $5 billion in general obligation (GO) bonds to fund renewable energy generation, alternative fuels for transportation, and energy efficiency and conservation programs. The bond money will primarily be used to fund financial incentives to reduce the consumer cost of alternative fuel vehicle purchases and for research, design, development, and deployment of renewable electricity generating technology.

Local Impacts: Depending on the quantity and actual selling price of vehicles purchased or leased in response to the rebates, the measure would result in increased sales tax revenues to the City of Sacramento. In addition, to the extent that the measure results in the purchase or lease of more expensive vehicles than would otherwise be purchased or leased, it would lead to increased local Vehicle License Fee revenues.

PROPOSITION 11 - REDISTRICTING. CONSTITUTIONAL AMENDMENT AND STATUTE.

Staff Recommendation: **NO POSITION**

The California Constitution requires the Legislature after each census to adjust the boundaries of the districts used to elect public officials. Redistricting affects districts for the state Legislature (Assembly and Senate), State Board of Equalization (BOE), and the U.S. House of Representatives. The primary purpose of redistricting is to establish districts which are "reasonably equal" in population. This measure amends the California Constitution to change the redistricting process for the state Legislature, BOE, and California members of the U.S. House of Representatives, beginning with the 2010 census. This measure imposes certain guidelines regarding the Legislature's drawing of

districts for the U.S. House of Representatives. In drawing these districts, the Legislature would be required to:

- Maintain that the population of districts shall be reasonably equal.
- Comply with the federal Voting Rights Act.
- Maintain geographically contiguous district lines.
- Respect the integrity of any city, county, city and county neighborhood, or community of interest to the extent possible without violating the requirements of any of the preceding subdivisions. "Communities of Interest" cannot include relationships with political parties, incumbents or political candidates.
- Draw districts, to the extent possible, to encourage geographical compactness such that nearby areas of population are not bypassed for more distant population.

PROPOSITION 12 - VETERANS' BOND ACT OF 2008. SB 1572 (CHAPTER 122, STATUTES OF 2008 [WYLAND]).

Staff Recommendation: **NEUTRAL**

This measure authorizes the state to sell $900 million in general obligation bonds for the Cal-Vet program. These bonds would provide sufficient funds for at least 3,600 additional veterans to receive loans.

Local Impacts: In the past, the Cal-Vet program has been totally supported by the participating veterans, at no direct cost to the taxpayer. However, because general obligation bonds are backed by the state, if the payments made by those veterans participating in the program do not fully cover the amount owed on the bonds, the state's taxpayers would pay the difference. The Legislative analyst's Office estimates the average repayment amount for this measure would be about $59 million per year.

Proposition 1A

SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT FOR THE 21ST CENTURY.

Background

Urban, Commuter, and Intercity Rail. California is served by various types of passenger rail services that include urban, commuter, and intercity rail services. Urban and commuter rail services primarily serve local and regional transportation needs. Examples include services provided by Bay Area Rapid Transit in the San Francisco Bay Area, Sacramento Regional Transit light rail, Metrolink in Southern California, and the San Diego Trolley. These services are generally planned by local or regional governments and are funded with a combination of local, state, and federal monies.
Intercity rail services primarily serve business or recreational travelers over longer distances between cities as well as between regions in California and other parts of the country. Currently, the state funds and contracts with Amtrak to provide intercity rail service, with trains that travel at maximum speeds of up to about 90 miles per hour. There are intercity rail services in three corridors: the Capitol Corridor service from San Jose to Auburn, the San Joaquin service from Oakland to Bakersfield, and the Pacific Surfliner service from San Diego to San Luis Obispo. None of the existing state-funded intercity rail services provide train service between northern California and southern California.

High-Speed Train System. Currently, California does not have a high-speed intercity passenger train system that provides service at sustained speeds of 200 miles per hour or greater. In 1996, the state created the California High-Speed Rail Authority (the authority) to develop an intercity train system that can operate at speeds of 200 miles per hour or faster to connect the major metropolitan areas of California, and provide service between northern California and southern California.
Over the past 12 years, the authority has spent about $60 million for pre-construction activities, such as environmental studies and planning, related to the development of a high-speed train system. The proposed system would use electric trains and connect the major metropolitan areas of San Francisco, Sacramento, through the Central Valley, into Los Angeles, Orange County, the Inland Empire (San Bernardino and Riverside Counties), and San Diego. The authority estimated in 2006 that the total cost to develop and construct the entire high-speed train system would be about $45 billion. While the authority plans to fund the construction of the proposed system with a combination of federal, private, local, and state monies, no funding has yet been provided.

Proposal

This measure authorizes the state to sell $9.95 billion in general obligation bonds to fund (1) pre-construction activities and construction of a high-speed passenger train system in California, and (2) capital improvements to passenger rail systems that expand capacity, improve safety, or enable train riders to connect to the high-speed train system. The bond funds would be available when appropriated by the Legislature. General obligation bonds

are backed by the state, meaning that the state is required to pay the principal and interest costs on these bonds.
For more information regarding general obligation bonds, please refer to the section of this ballot pamphlet entitled "An Overview of State Bond Debt."
The High-Speed Train System. Of the total amount, $9 billion would be used, together with any available federal monies, private monies, and funds from other sources, to develop and construct a high-speed train system that connects San Francisco Transbay Terminal to Los Angeles Union Station and Anaheim, and links the state's major population centers, including Sacramento, the San Francisco Bay Area, the Central Valley, Los Angeles, the Inland Empire, Orange County, and San Diego. The bond funds may be used for environmental studies, planning and engineering of the system, and for capital costs such as acquisition of rights-of-way, trains, and related equipment, and construction of tracks, structures, power systems, and stations. However, bond funds may be used to provide only up to one-half of the total cost of construction of each corridor or segment of a corridor. The measure requires the authority to seek private and other public funds to cover the remaining costs. The measure also limits the amount of bond funds that can be used to fund certain pre-construction and administrative activities. Phase I of the train project is the corridor between San Francisco Transbay Terminal and Los Angeles Union Station and Anaheim. If the authority finds that there would be no negative impact on the construction of Phase I of the project, bond funds may be used on any of the following corridors:

- Sacramento to Stockton to Fresno
- San Francisco Transbay Terminal to San Jose to Fresno
- Oakland to San Jose
- Fresno to Bakersfield to Palmdale to Los Angeles Union Station
- Los Angeles Union Station to Riverside to San Diego
- Los Angeles Union Station to Anaheim to Irvine
- Merced to Stockton to Oakland and San Francisco via the Altamont Corridor

The measure requires accountability and oversight of the authority's use of bond funds authorized by this measure for a high-speed train system. Specifically, the bond funds must be appropriated by the Legislature, and the State Auditor must periodically audit the use of the bond funds. In addition, the authority generally must submit to the Department of Finance and the Legislature a detailed funding plan for each corridor or segment of a corridor, before bond funds would be appropriated for that corridor or segment. The funding plans must also be reviewed by a committee whose members include financial experts and high-speed train experts. An updated funding plan is required to be submitted and approved by the Director of Finance before the authority can spend the bond funds, once appropriated.

Other Passenger Rail Systems. The remaining $950 million in bond funds would be available to fund capital projects that improve other passenger rail systems in order to enhance these systems' capacity, or safety, or allow riders to connect to the high-speed train system. Of the $950 million, $190 million is designated to improve the state's intercity rail services. The remaining $760 million would be used for other passenger rail services including urban and commuter rail.

Fiscal Effect

Bond Costs. The costs of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. While the measure allows for bonds to be issued with a repayment period of up to 40 years, the state's current practice is to issue bonds with a repayment period of up to 30 years. If the bonds are sold at an average interest rate of 5 percent, and assuming a repayment period of 30 years, the General Fund cost would be about $19.4 billion to pay off both principal ($9.95 billion) and interest ($9.5 billion). The average repayment for principal and interest would be about $647 million per year.

Operating Costs. When constructed, the high-speed train system will incur unknown ongoing maintenance and operation costs, probably in excess of $1 billion a year. Depending on the level of ridership, these costs would be at least partially, and potentially fully, offset by revenue from fares paid by passengers.

Proposition 2

TREATMENT OF FARM ANIMALS. STATUTE.

Background

Animal agriculture is a major industry in California. Over 40 million animals are raised for commercial purposes on California farms and ranches. California's leading livestock commodities are milk and other dairy products, cattle, and chickens.

In recent years, there has been a growing public awareness about farm animal production methods, and how these practices affect the treatment of the animals. In particular, concerns have been expressed about some animal farming practices, including the housing of certain animals in confined spaces, such as cages or other restrictive enclosures.

Partly in response to these concerns, various animal farming industries have made changes in their production practices. For example, certain industries have developed guidelines and best practices aimed, in part, at improving the care and handling of farm animals.

State law prohibits cruelty to animals. Under state law, for example, any person who keeps an animal confined in an enclosed area is required to provide it with an adequate exercise area, and permit access to adequate shelter, food, and water. Other laws specifically related to farm animals generally focus on the humane transportation and slaughter of these animals. Depending upon the specific violation, an individual could be found guilty of a misdemeanor or felony punishable by a fine, imprisonment, or both.

Proposal

Beginning January 1, 2015, this measure prohibits with certain exceptions the confinement on a farm of pregnant pigs, calves raised for veal, and egg-laying hens in a

manner that does not allow them to turn around freely, lie down, stand up, and fully extend their limbs. Under the measure, any person who violates this law would be guilty of a misdemeanor, punishable by a fine of up to $1,000 and/or imprisonment in county jail for up to six months.

Fiscal Effects

Compared to current practice most commonly used by California farmers in the affected industries, this measure would require more space and/or alternate methods for housing pregnant pigs, calves raised for veal, and egg-laying hens. As a result, this measure would increase production costs for some of these farmers. To the extent that these higher production costs cause some farmers to exit the business, or otherwise reduce overall production and profitability, there could be reduced state and local tax revenues. The magnitude of this fiscal effect is unknown, but potentially in the range of several million dollars annually.

Additionally, this measure could result in unknown, but probably minor, local and state costs for enforcement and prosecution of individuals charged with the new animal confinement offense. These costs would be partially offset by revenue from the collection of misdemeanor fines.

Proposition 3

CHILDREN'S HOSPITAL BOND ACT. GRANT PROGRAM. STATUTE.

Background

Children's hospitals focus their efforts on the health care needs of children by providing diagnostic, therapeutic, and rehabilitative services to injured, disabled, and sick infants and children. Many children receiving services in these hospitals are from low-income families and have significant health care needs.

Proposition 61, which voters approved at the November 2004 statewide general election, authorized the sale of $750 million in general obligation bonds to provide funding for children's hospitals. The eligibility criteria for hospitals to receive funds under Proposition 61 is the same under this measure. As of June 1, 2008, about $403 million of the funds from Proposition 61 had been awarded to eligible hospitals.

Proposal

This measure authorizes the state to sell $980 million in general obligation bonds for capital improvement projects at children's hospitals. The measure specifically identifies the five University of California children's hospitals as eligible bond fund recipients. There are additional children's hospitals that are likely to meet other eligibility criteria specified in the measure, which are based on hospitals' performance in the 2001-02 fiscal year. These criteria include providing at least 160 licensed beds for infants and children. Figure 1 lists these children's hospitals.

Figure 1
Children's Hospitals Eligible for Bond Funds

Specifically Identified as Eligible—20 Percent of Total Funds
Mattel Children's Hospital at University of California, Los Angeles University Children's Hospital at University of California, Irvine University of California, Davis Children's Hospital University of California, San Diego Children's Hospital University of California, San Francisco Children's Hospital
Likely to Be Eligible Hospitals—80 Percent of Total Funds
Rady Children's Hospital, San Diego (formerly Children's Hospital and Health Center, San Diego) Children's Hospital Los Angeles Children's Hospital and Research Center at Oakland Children's Hospital of Orange County Loma Linda University Children's Hospital Lucile Salter Packard Children's Hospital at Stanford Miller's Children's Hospital, Long Beach Children's Hospital Central California

For more information regarding general obligation bonds, please refer to the section of this ballot pamphlet entitled "An Overview of State Bond Debt."

The money raised from the bond sales could be used for the construction, expansion, remodeling, renovation, furnishing, equipping, financing, or refinancing of children's hospitals in the state. Eighty percent of the monies would be available to nonprofit children's hospitals and the remaining 20 percent would be available to University of California children's hospitals. The monies provided could not exceed the total cost of a project, and funded projects would have to be completed "within a reasonable period of time."

Children's hospitals would have to apply in writing for funds. The California Health Facilities Financing Authority (CHFFA), an existing state agency, would be required to develop the grant application. It must process submitted applications and award grants within 60 days. The CHFFA's decision to award a grant would be based on several factors, including whether the grant would contribute toward the expansion or improvement of health care access for children who are eligible for governmental health insurance programs, or who are indigent, underserved, or uninsured; whether the grant would contribute toward the improvement of child health care or pediatric patient outcomes; and whether the applicant hospital would promote pediatric teaching or research programs.

Fiscal Effects

The cost of these bonds to the state would depend on the interest rates obtained when they were sold and the time period over which this debt would be repaid. If the $980 million in bonds authorized by this measure were sold at an interest rate of 5 percent and repaid over 30 years, the cost to the state General Fund would be about $2 billion to pay off both the principal ($980 million) and the interest ($933 million). The average payment for principal and interest would be about $64 million per year. Administrative costs would be limited to CHFFA's actual costs or 1 percent of the bond funds, whichever is less. We estimate these costs will be minor.

Proposition 4

WAITING PERIOD AND PARENTAL NOTIFICATION BEFORE TERMINATION OF MINOR'S PREGNANCY. CONSTITUTIONAL AMENDMENT.

Background

In 1953, a state law was enacted that allowed minors to receive, without parental consent or notification, the same types of medical care for a pregnancy that are available to an adult. Based on this law and later legal developments related to abortion, minors were able to obtain abortions without parental consent or notification.

In 1987, the Legislature amended this law to require minors to obtain the consent of either a parent or a court before obtaining an abortion. However, due to legal challenges, the law was never implemented, and the California Supreme Court ultimately struck it down in 1997. Consequently, minors in the state currently receive abortion services to the same extent as adults. This includes minors in various state health care programs, such as the Medi-Cal health care program for low-income individuals.

Proposal

Notification Requirements

This measure amends the State Constitution to require, with certain exceptions, a physician (or his or her representative) to notify the parent or legal guardian of a pregnant minor at least 48 hours before performing an abortion involving that minor. (This measure does not require a physician or a minor to obtain the consent of a parent or guardian.) This measure applies only to cases involving an "unemancipated" minor. The measure identifies an unemancipated minor as being a female under the age of 18 who has not entered into a valid marriage, is not on active duty in the armed services of the United States, and has not been declared free from her parents' or guardians' custody and control under state law.

A physician would provide the required notification in either of the following two ways:

Personal Written Notification. Written notice could be provided to the parent or guardian personally—for example, when a parent accompanied the minor to an office examination.

Mail Notification. A parent or guardian could be sent a written notice by certified mail so long as a return receipt was requested by the physician and delivery of the notice was restricted to the parent or guardian who must be notified. An additional copy of the written notice would have to be sent at the same time to the parent or guardian by first-class mail. Under this method, notification would be presumed to have occurred as of noon on the second day after the written notice was postmarked.

Exceptions to Notification Requirements

The measure provides the following exceptions to the parental notification requirements:

Medical Emergencies. The notification requirements would not apply if the physician certifies in the minor's medical record that the abortion is necessary to prevent the mother's death or that a delay would "create serious risk of substantial and irreversible impairment of a major bodily function."

Waivers Approved by Parent or Guardian. A minor's parent or guardian could waive the notification requirements and the waiting period by completing and signing a written waiver form for the physician. The parent or guardian must specify on this form that the waiver would be valid either (1) for 30 days, (2) until a specified date, or (3) until the minor's 18th birthday. The form would need to be notarized unless the parent or guardian delivered it personally to the physician.

Notice to Adult Family Member and Report of Abuse. The physician could notify an adult family member instead of notifying the minor's parent based on the minor's written statement that (1) she fears physical, sexual, or severe emotional abuse from a parent who would otherwise be notified, and (2) that her fear is based on a pattern of such abuse of her by a parent. The measure defines an adult family member as a person at least 21 years of age who is the grandparent, stepparent, foster parent, aunt, uncle, sibling, half-sibling, or first cousin of the minor. The manner of notice to an adult family member must be consistent with that required for parental notice. In addition, the measure requires the physician to make a written report of known or suspected child abuse to the appropriate law enforcement or public child protection agency. The physician would also be required to include with the notice a letter informing the adult family member about the report of abuse.

Waivers Approved by Courts. The pregnant minor could ask a juvenile court to waive the notification requirements. A court could do so if it finds that the minor is sufficiently mature and well-informed to decide whether to have an abortion or that notification would not be in the minor's best interest. If the waiver request is denied, the minor could appeal that decision to an appellate court.

A minor seeking a waiver would not have to pay court fees, would be provided other assistance in the case by the court, and would be entitled to an attorney appointed by the court. The identity of the minor would be kept confidential. The court would generally have to hear and issue a ruling within three business days of receiving the waiver request. The appellate court would generally have to hear and decide any appeal within four business days.

The measure also requires that, in any case in which the court finds evidence of physical, sexual, or emotional abuse, the court must refer the evidence to the appropriate law enforcement or public child protection agency.

State Reporting Requirements

Physicians are required by this measure to file a form reporting certain information to the state Department of Health Services (DHS)[1]1 within one month after performing an

[1] *Effective July 1, 2007, DHS was divided into two departments: the Department of Health Care Services and the Department of Public Health. The measure does not specify which of these departments would perform these activities and incur the related costs.*

abortion on an unemancipated minor. The reporting form would include the date and facility where the abortion was performed, the minor's month and year of birth, and certain other information about the minor and the circumstances under which the abortion was performed. The forms that physicians would file would not identify the minor or any parent or guardian by name. Based on these forms, the department would compile certain statistical information relating to abortions performed on minors in an annual report that would be available to the public.

The courts are required by the measure to report annually to the state Judicial Council the number of petitions filed and granted or denied. The reports would be publicly available. The measure also requires the Judicial Council to prescribe a manner of reporting that ensures the confidentiality of any minor who files a petition.

Penalties

Any person who performs an abortion on a minor and who fails to comply with the provisions of the measure would be liable for damages in a civil action brought by the minor, her legal representative, or by a parent or guardian wrongfully denied notification. The measure would require such a legal action to commence within four years of the minor's 18th birthday or later, under specified circumstances. Any person, other than the minor or her physician, who knowingly provides false information that notice of an abortion has been provided to a parent or guardian would be guilty of a misdemeanor punishable by a fine.

Relief from Coercion

The measure allows a minor to seek help from the juvenile court if anyone attempts to coerce her to have an abortion. A court would be required to consider such cases quickly and could take whatever action it found necessary to prevent coercion.

Fiscal Effects

The fiscal effects of this measure on state government would depend mainly upon how these new requirements affect the behavior of minors regarding abortion and childbearing. Studies of similar laws in other states suggest that the effect of this measure on the birthrate for California minors would be limited, if any. If it were to increase the birthrate for California minors, the net cost to the state would probably not exceed several million dollars annually for health and social services programs, the courts, and state administration combined. We discuss the potential major fiscal effects of the measure below.

Savings and Costs for State Health Care Programs

Studies of other states with laws similar to the one proposed in this measure suggest that it could result in a reduction in the number of abortions obtained by minors within California. This reduction in abortions performed in California might be offset to an unknown extent by an increase in the number of out-of-state abortions obtained by California minors. Some minors might also avoid pregnancy as a result of this measure, further reducing the number of abortions for this group. If, for either reason, this measure reduces the overall number of minors obtaining abortions in California, it is also likely that

fewer abortions would be performed under the Medi-Cal Program and other state health care programs that provide medical services for minors. This would result in unknown state savings for these programs.

This measure could also result in some unknown additional costs for state health care programs. If this measure results in a decrease in minors' abortions and an increase in the birthrate of children in low-income families eligible for publicly funded health care, the state would incur additional costs. These could include costs for medical services provided during pregnancy, deliveries, and follow-up care.

The net fiscal effect, if any, of these or other related cost and savings factors would probably not exceed costs of a few million dollars annually to the state. These costs would not be significant compared to total state spending for programs that provide health care services. The Medi-Cal Program alone is estimated to cost the state $14.1 billion in 2007-08.

State Health Agency Administrative Costs

The state would incur first-year costs of up to $350,000 to develop the new forms needed to implement this measure, establish the physician reporting system, and prepare the initial annual report containing statistical information on abortions obtained by minors. The ongoing state costs to implement this measure could be as much as $150,000 annually.

Juvenile and Appellate Court Administrative Costs

The measure would result in increased state costs for the courts, primarily as a result of the provisions allowing minors to request a court waiver of the notification requirements. The magnitude of these costs is unknown, but could reach several million dollars annually, depending primarily on the number of minors that sought waivers. These costs would not be significant compared to total state expenditures for the courts, which are estimated to be $2.2 billion in 2007-08.

Social Services Program Costs

If this measure discourages some minors from obtaining abortions and increases the birthrate among low-income minors, expenditures for cash assistance and services to needy families would increase under the California Work Opportunity and Responsibility to Kids (CalWORKs) program. The magnitude of these costs, if any, would probably not exceed a few million dollars annually. The CalWORKs program is supported with both state and federal funds, but because all CalWORKs federal funds are capped, these additional costs would probably be borne by the state. These costs would not be significant compared to total state spending for CalWORKs, which is estimated to cost about $5.3 billion in state and federal funds in 2007-08. Under these circumstances, there could also be a minor increase in child welfare and foster care costs for the state and counties.

Proposition 5

NONVIOLENT OFFENDERS. SENTENCING, PAROLE AND REHABILITATION. STATUTE.

Summary

This measure (1) expands drug treatment diversion programs for criminal offenders, (2) modifies parole supervision procedures and expands prison and parole rehabilitation programs, (3) allows inmates to earn additional time off their prison sentences for participation and performance in rehabilitation programs, (4) reduces certain penalties for marijuana possession, and (5) makes miscellaneous changes to state law related mainly to state administration of rehabilitation and parole programs for offenders. Each of these proposals is discussed separately below as well as their combined fiscal effects on the state and local governments.

Proposals

Expansion of Drug Treatment Diversion Programs

Background

Probation and Parole. Currently, courts can place both adult and juvenile offenders under supervision in the community, where they must meet certain requirements, such as reporting on a regular basis to authorities. Offenders supervised by county authorities are "on probation." Offenders who have completed a prison sentence and who are supervised by the state are "on parole."

Three Types of Crimes. Under current state law, there are three basic kinds of crimes: felonies, misdemeanors, and infractions. A felony, the most severe type of crime, can result in a sentence to state prison, county jail, a fine, supervision on county probation in the community, or some combination of these punishments. Some felonies are designated in statute as violent or serious crimes that can result in additional punishment, such as a longer term in state prison.

Misdemeanors are considered less serious and can result in a jail term, probation, a fine, or release to the community without probation but with certain conditions imposed by the court. State law defines certain drug crimes as "nonviolent drug possession offenses," which can be either felonies or misdemeanors. Infractions, which include violations of certain traffic laws, do not result in a prison or jail sentence.

State Prison System. The state operates 33 state prisons and other facilities that had a combined adult inmate population of about 171,000 as of May 2008. The costs to operate the California Department of Corrections and Rehabilitation (CDCR) in 2008-09 are estimated to be approximately $10 billion. The average annual cost to incarcerate an inmate is estimated to be about $46,000. The state prison system is currently experiencing overcrowding because there are not enough permanent beds available for all inmates. As a result, gymnasiums and other rooms have been converted to house some inmates.

Existing Drug Treatment Diversion Programs

In general, state law authorizes three main types of drug treatment diversion programs for criminal offenders.

Penal Code 1000. Under Penal Code 1000 and related statutes, certain drug possession offenders who have no prior drug offenses can be diverted to drug education or treatment programs, usually at their own expense, under a "deferred entry of judgment" arrangement. This means that the offender must plead guilty to the drug possession charges but that sentencing for the crime is suspended. If, after 18 months to three years, the offender successfully completes a drug treatment program and stays out of trouble, the charges against the offender are dismissed and the offense does not go on his or her record.

Proposition 36. Proposition 36, a ballot measure approved by the voters in November 2000, established a drug treatment diversion program for offenders who are convicted of specific crimes designated as nonviolent drug possession offenses. Under Proposition 36, an offender can be sentenced to probation and treatment, instead of prison or jail. Some parole violators are also eligible for Proposition 36 diversion. Proposition 36 limits when and how sanctions, such as jail or prison time, are imposed on offenders who violate the conditions of their drug treatment programs or commit new drug possession crimes.

Drug Courts. Under drug court programs operated for adult felons, certain offenders charged or convicted of various types of crimes, including drug offenses, are diverted to treatment in lieu of incarceration. Drug court participants are subject to regular monitoring by a court (as well as by probation officers and drug treatment providers), with judges generally given discretion as to when and how to impose sanctions if participants do not comply with drug program rules or commit new crimes.

New Adult Diversion Programs Established

Three-Track System. Currently, several programs permit criminal offenders who have committed drug-related offenses, or who have substance abuse problems, to be diverted from prison or jail to other forms of punishment. (These programs are described in the nearby text box.) This measure expands and largely replaces these existing programs with a new three-track drug treatment diversion program. Figure 1 summarizes which offenders are eligible for each track and their period of participation.

Figure 1
Proposition 5
Tracks I, II, and III—Eligibility and Period of Participation

	Eligibility Requirements	Time Period in Diversion
Track I	Who Is Included: • Offender charged with nonviolent drug possession offenses who is eligible for deferred entry of judgment programs. A prosecutor would have the burden of proof to show that an offender was ineligible. • Offender charged with one or more nonviolent drug possession offenses. Who Is Excluded: • Offender would be excluded if has (1) current or prior conviction for a violent or serious offense or (2) prior conviction for any felony within the prior five years. However, an offender with one prior conviction for a nonviolent drug possession offense would be eligible. • Generally, an offender would be excluded if charged with a non-	• 6 to 18 months.

	drug related offense, but a judge would have the discretion to allow participation.	
Track II	Who Is Included: • Generally, offender convicted of a nonviolent drug possession offense who is sentenced to treatment and probation. Who Is Excluded: • Cannot include offender eligible for Track I. • Offender generally excluded if previously convicted of a violent or serious crime. However, an offender who, within the prior five years, had not been in prison and did not have certain felony or misdemeanor convictions would be eligible. • Offender would be excluded if he or she possessed certain drugs while armed with a deadly weapon; or had five or more convictions for any types of offenses in the prior 30 months. • Offender would generally be excluded if convicted of other felonies or misdemeanors at the same time as a new drug charge. However, a judge could declare an offender convicted of such a misdemeanor eligible for Track II diversion.	• Generally up to 12 months. • The court can order up to two, 6-month extensions, for a maximum of 24 months.
	Eligibility Requirements	Time Period in Diversion
Track III	Who Is Included: • Generally, offender committed a nonviolent drug possession offense, but was not eligible for Track II. • Offender committed any other type of nonviolent offense eligible for Track III diversion for substance abuse or addiction. • Offender excluded from Track II for having five or more criminal convictions within the prior 30 months would specifically be eligible for Track III. Who Is Excluded: • Offender would generally be excluded from Track III if he or she committed a violent or serious felony. However, such an offender could be included if diversion of offender was sought by a district attorney.	• Generally up to 18 months. • The court can order up to two, 3-month extensions, for a maximum of 24 months.

General Effect of These Changes. In general, the new Tracks I, II, and III would expand the types of offenders who are eligible for diversion, and expand and intensify the services provided to offenders mainly by increasing the funding available to pay for them. While participants in existing Penal Code 1000 programs must usually pay the out-of-pocket cost of their drug treatment, this measure generally provides funding to counties for participants in treatment under Track I, as well as other tracks.

Offenders in all three tracks would generally receive the same types of drug treatment services that assessments determined they needed. This could include treatment in clinics or residential facilities, the dispensing of medication such as methadone, or the provision of mental health services.

However, the three tracks would vary in eligibility requirements, period of participation, level of supervision, and when and how sanctions, such as incarceration in prison or jail, could be imposed on offenders who violate drug treatment diversion program rules or commit new drug-related offenses. The measure permits offenders who have failed in Track I to be shifted to Track II, where they may face more severe sanctions. Similarly, offenders who have failed in Track II may be moved to Track III, where more severe sanctions would be possible. This measure would also require follow-up hearings in court when an offender fails to begin assigned treatment.

Finally, this measure would require the collection and publication of data, specified reports, and research into the effect of this measure and other drug policy issues.

Funding Provisions. The 2007-08 Budget Act appropriated $100 million from the General Fund to the Substance Abuse Treatment Trust Fund (SATTF), which was initially created under Proposition 36 to support treatment programs and other allowable activities. This measure appropriates $150 million from the General Fund to the SATTF for the second half of 2008-09 and $460 million in 2009-10, increasing annually thereafter, adjusted for the cost of living and population. After monies are set aside for certain administrative and program costs, the measure designates 15 percent of the remainder for Track I programs, 60 percent for Track II programs, and 10 percent for Track III programs.

A new 23-member state Treatment Diversion Oversight and Accountability Commission would be established under this measure to set program rules regarding the use and distribution of SATTF funds and the collection of data for required evaluations of the programs and program funding needs. The measure generally prohibits the state or counties from using SATTF funds to replace funds now used for the support of substance abuse treatment programs. In addition, it requires that other available private and public funding sources be used whenever possible to pay for treatment before monies from SATTF are spent for these treatment services.

This measure permits SATTF funds to be spent on so-called "harm reduction" drug therapies that "promote methods of reducing the physical, social, emotional and economic harms associated with drug misuse" and that also "are free of judgment or blame and directly involve the client in setting his or her own goals."

New Juvenile Treatment Program Established

This measure creates a new county-operated program for nonviolent youth under age 18 deemed to be at risk of committing future drug offenses. The program would receive a set share of SATTF funding (15 percent, after certain implementation costs were deducted) that would be allocated to counties and could be used for various specified purposes, including drug treatment, mental health medication and counseling, family therapy, educational stipends for higher education, employment stipends, and transportation services.

Changes to State Parole and Rehabilitation Programs

This measure makes a number of changes to the state's current parole system, including new rules regarding parole terms, the return to custody of parole violators, and rehabilitation programs for offenders. Below, we briefly outline how the parole system works and how it would be affected by these provisions.

Background

Parole Terms. Under current state law, offenders are released from prison and placed on parole for a set period of time, usually depending on the nature of the offense for which they were convicted. Most offenders are subject to a maximum three-year parole period, which can be extended under certain circumstances to four years, although they may be discharged earlier from parole if they stay out of trouble after their release to the community. Offenders who have committed certain crimes, particularly violent sex crimes or murder, are subject to longer parole terms.

Parole Revocations. Parolees who get in trouble after being released to the community can be returned to state prison in two different ways. One way is if they are prosecuted and convicted in the courts of a new crime—either a felony or a misdemeanor—and sentenced to an additional term in prison. Another way is through actions of parole authorities and the Board of Parole Hearings (BPH), a process referred to as revocation of parole, based on a finding that a parole violation has occurred. Revocation is an administrative process that does not involve any action by a court. In some cases, parole revocation involves violations by parolees that could constitute a crime. But parole revocation can also result from actions, such as failing to report to a parole office, that do not in themselves constitute a crime. These types of offenses are sometimes referred to as "technical" parole violations.

Rehabilitation Programs for Offenders. The state currently provides substance abuse treatment, academic education, job training, and other types of programs for prison inmates and parolees in order to increase the likelihood of success in the community after their release from prison. However, due to funding limitations, space constraints, and in some cases security concerns, the state often does not now make such programs available to inmates and parolees. Also, the state does not directly provide services for offenders after they have been discharged from parole. However, some former parolees may qualify for public services, such as mental health or substance abuse treatment, that the state is helping to support.

New Limits on Parole Terms

This measure reduces the parole term of some parolees but allows longer parole terms for others. It specifies that offenders whose most recent term in prison was for a drug or nonviolent property crime, and who did not have a serious, violent, street gang-related, or sex crime on their record, would be placed on parole supervision for six months. Under the measure, these same parolees could be placed on an additional six months of parole at minimal supervision levels if they failed to complete an appropriate rehabilitation program that was offered to them during the first six months.

This measure also provides longer parole terms for some offenders. Specifically, this measure changes from three to five years the parole terms for any offender whose most recent prison sentence was for a violent or serious felony (such as first-degree burglary or robbery). Some violent sex offenders and other parolees would continue to receive even longer parole terms as provided under existing law.

New Rules for Revocation of Parole Violators

This measure requires that parole violations be divided into three types—technical violations, misdemeanors, and felonies—and generally prohibits certain parolees from being returned to state prison for technical or misdemeanor parole violations. This measure would allow revocation of parolees who committed felony violations of parole. It also permits revocation to state prison of those committing technical or misdemeanor violations who were classified high-risk by CDCR, or have violent or serious offenses on their record.

Under this measure, certain parolees who commit parole violations could face such punishments as more frequent drug testing or community work assignments. Some

parolees who hide, are repeat violators, or commit misdemeanor parole violations could serve jail time, which under the measure would be at the expense of the state. Parole violators could also be placed in rehabilitation programs.

Expansion of Rehabilitation Programs for Offenders

This measure expands rehabilitation programs for inmates, parolees, and offenders who have been discharged from parole. As regards inmates, the measure requires that all inmates except those with life terms be provided with rehabilitation programs beginning at least 90 days before their scheduled release from prison. The measure directs CDCR to conduct an assessment of the inmate's needs as well as which programs would most likely result in his or her successful return to the community. Parolees are to be provided rehabilitation programs by CDCR tailored to the parolee's needs as determined in their assessment. Offenders would be permitted to request up to a year's worth of rehabilitation services within a year after they are discharged from parole. While these offenders would receive these services from county probation departments, all operational costs of the services would be reimbursed by CDCR under the terms of the measure.

Other Parole System Changes

Parole Reform Board Created. This measure creates a new 21-member Parole Reform Oversight and Accountability Board with authority to review, direct, and approve the rehabilitation programs and to set state parole policies.

Costs Shifted to State for Drug Diversion of Parolees. Currently, some parolees who are diverted to drug treatment receive their treatment services from counties. This measure provides that either CDCR or counties could provide such treatment services for parolees, but that CDCR would have to pay any county operating costs for doing so.

Pilot Programs for Parole Violators. This measure directs CDCR to establish pilot projects similar to drug courts (see earlier text box for description) to divert certain parolees who have committed parole violations to treatment and rehabilitation programs. Under the measure, the funding to carry out the programs could come either from the CDCR's budget or separate funding legislation.

Changes in Parole Revocation Procedures. This measure requires that parolees receive notice of alleged violations of parole at a BPH hearing held within three business days of their being taken into custody. Consistent with current federal court orders, this measure amends state law to provide all such parolees a right to legal counsel at this hearing.

Credits for Performance in Rehabilitation Programs

Background

State law currently provides credits to certain prison inmates who participate in work, training, or education programs. These credits reduce the prison time the inmates must serve. (Credits can be taken away if an inmate commits disciplinary offenses while in prison.) Some offenders who are committed to prison for violent and serious crimes can earn only limited credits or can earn no credits at all. But a number of offenders are

eligible to earn up to one day off their prison sentences for each day they participate in such programs. Offenders who agree to participate in such programs, but are not yet assigned to one, receive up to one day in credits for every three days they are in this situation.

Expanded Credits Permissible

This measure would change state law to permit some inmates who were sentenced to prison for certain drug or nonviolent property crimes to earn more credits to reduce their prison terms than are permitted under current state law. The parole reform board established in this measure would be authorized to award additional credits based upon such factors as the inmate showing progress in completing rehabilitation programs. The measure does not specify nor limit the amount of such additional credits that could be awarded, but it does prohibit them from being awarded to any inmate who has ever been convicted of a violent or serious felony or certain sex crimes.

Change in Marijuana Possession Penalties

Background

Current state law generally makes the possession of less than 28.5 grams of marijuana by either an adult or a minor a misdemeanor punishable by a fine of up to $100 (plus other penalties and fines that can bring the total cost to as much as $370) but not jail. Possession of greater amounts of marijuana, or repeat offenses, can result in confinement in jail or a juvenile hall, greater fines, or both. Revenues generated from these fines (including the additional penalties) are distributed in accordance with state law to various specified state and county government programs.

Penalties for Marijuana Offenses Would Become Infraction

This measure would make the possession of less than 28.5 grams of marijuana by either an adult or a minor an infraction (similar to a traffic ticket) rather than a misdemeanor. Adults would be subject, as they are today, to a fine of up to $100. However, the additional penalties of any kind would be limited under this measure to an amount equal to the fine imposed. (For example, imposition of the maximum $100 fine could result in an additional $100 in penalties.) Persons under age 18 would no longer be subject to a fine for a first offense, but would be required to complete a drug education program. Also, under this measure, fines collected for marijuana possession would be deposited in a special fund to provide additional support of the new youth programs created by this measure.

Miscellaneous Provisions

Other provisions of this measure:

Reorganize the way CDCR's rehabilitation and parole programs are administered, and establish a new, second secretary of the department and a chief deputy warden for rehabilitation at each prison;

Expand BPH from 17 to 29 commissioners;

Require county jails to provide materials and strategies on drug overdose awareness and prevention to all inmates prior to their release;

Specify that, except for parolees, adults in drug treatment programs would receive mental health services using funding from Proposition 63, a 2004 ballot measure approved by voters that expanded community mental health services.

Fiscal Effects

This measure would have a number of fiscal effects on state and local government agencies. The major fiscal effects that we have identified are summarized in Figure 2 and discussed in more detail below. The fiscal estimates discussed below could change due to pending federal court litigation or budget actions.

Figure 2
Proposition 5
Summary of Major Fiscal Effects

State Operating Costs Potentially Exceeding $1 Billion Annually. Increased state costs over time primarily for expansion of drug treatment and rehabilitation of offenders due to:

- Increased spending for a new three-track drug treatment diversion system.
- Expansion of rehabilitation programs for prison inmates, parolees, and offenders released from parole.
- Various other changes to state programs, such as a requirement that the state reimburse counties for drug treatment services now provided for certain parolees.

State Operating Savings Potentially Exceeding $1 Billion Annually. State operating savings over time primarily for prison and parole supervision due to:

- Diversion of additional offenders from state prisons to drug treatment programs.
- Exclusion of certain categories of parole violators from state prison.
- Potential expansion of the credits that certain inmates could receive that would reduce the time they must serve in prison.
- A reduction in the length of time of parole supervision for offenders convicted of drug and nonviolent property crimes.

State Capital Outlay Savings That Could Eventually Exceed $2.5 Billion. Net one-time savings from constructing fewer prison beds because of a reduction in the inmate population. These savings would be partly offset by costs for additional prison space for rehabilitation programs.

County Operations Costs and Funding—Unknown Net Fiscal Effect. Increases in county expenditures for new drug treatment diversion programs and juvenile programs would probably be generally in line with the increased funding they would receive from the state. In addition, various provisions could result in unknown increases and reductions in county operating costs and revenues.

County Capital Outlay—Unknown Net Fiscal Effect. Counties could face added capital outlay costs for housing parole violators, but decreased costs from the diversion of some offenders from jails to drug treatment.

Other. Various other fiscal impacts on state and local government costs and revenues from the diversion of additional offenders from prison or jail or the release of some offenders earlier from prison.

Increase in State Costs for Expansion of Drug Treatment and Rehabilitation

This measure would eventually result in an increase in state costs, potentially exceeding $1 billion annually, mainly for expansion of drug treatment and other services provided for eligible offenders and related administrative costs.

Expenditures for New Drug Diversion System. As noted earlier, this measure appropriates $150 million from the state General Fund for the second half of the 2008-09 fiscal year (January through June 2009) to the SATTF, rising to $460 million annually in 2009-10, for support of the three-track drug treatment diversion program and the program for juvenile treatment services established in this measure. The 2009-10 funding level for these new programs would be more than $300 million greater than the General Fund appropriations provided in the 2007-08 Budget Act for the programs they would largely replace (Proposition 36 treatment and drug courts). In subsequent fiscal years, the appropriations for the new programs would be automatically adjusted annually for the cost of living and every fifth year for changes in the state population, and thus would be likely to grow significantly over time.

The monies appropriated for the new drug diversion programs could be used for various treatment and administrative costs. It is likely that at least some program and administrative costs related to the expansion of drug treatment diversion would require additional state appropriations.

Expenditures for Inmate and Parole Rehabilitation Programs. This measure would result in an increase of several hundreds of millions of dollars annually in state costs for expanded rehabilitation programs for offenders in state prisons, on parole, and in the community. These costs would be paid for primarily from the state General Fund.

Other State Fiscal Impacts. A number of specific provisions in this measure would result in additional state program and administrative costs, with the potential of collectively amounting to tens of millions of dollars annually. Among the provisions that would increase state General Fund costs is the requirement that the state reimburse counties (and some cities) for the incarceration of additional parole violators in jails. The requirement that the state reimburse counties for drug treatment services that the counties provide to certain parolees would also increase state costs. In addition, the provisions in this measure changing the penalties for marijuana use would reduce state revenues from criminal penalties.

Level of Additional Costs Uncertain. The cost to the state of carrying out the various provisions of this measure are unknown and could, in the aggregate, be higher or lower than we have estimated by hundreds of millions of dollars annually, depending upon how this measure is implemented. For example, the costs to the state of providing rehabilitation services to inmates during their last 90 days in prison could be significantly reduced to the extent that the state was able to redirect available slots in education,

substance abuse, and other programs toward these short-term inmates and away from inmates who had longer than 90 days to serve on their sentences.

Savings on State Operating Costs for Prison and Parole Systems

This measure would eventually result in savings on state operating costs, potentially exceeding $1 billion annually, due mainly to reductions in prison and parole supervision caseloads. Specifically, this measure could eventually reduce the state prison population by more that 18,000 inmates and reduce the number of parolees under state supervision by more than 22,000. The reasons for these population reductions are discussed below.

Impacts from Drug Treatment Diversion Program. The three-track drug treatment diversion system created in this measure could significantly reduce the size of the prison population, thereby reducing prison operating costs. This is because the measure (1) diverts additional offenders to drug treatment programs instead of incarceration in state prison, (2) allows some offenders who have violated diversion program rules or drug laws to remain in treatment instead of being incarcerated in state prison, and (3) makes it possible for more offenders to receive the specific type of drug treatment (such as care in a residential facility) that would be more likely to result in better treatment outcomes, and thus make them less likely to be involved in criminal activity in the future.

Other Prison Impacts. Other provisions of this measure would also likely result in reduced prison and parole caseloads and related savings over time. These include provisions that:

Exclude certain categories of parole violators from being returned to state prison;

Allow certain inmates in rehabilitation programs to receive additional credits that would reduce the time they must serve in prison;

Expand rehabilitation services for inmates, parolees, and offenders who have completed parole, thereby potentially reducing the rate at which they return to prison for new offenses;

Reduce the period of parole supervision for offenders convicted of certain drug or nonviolent property crimes. These savings would eventually be partly offset by the increase in parole terms for some violent and serious offenders.

Parole Savings in the Longer Term. In the short term, this measure could increase parole caseloads by preventing certain parolees from being returned to prison for parole violations. In the longer term, however, this measure is likely to result in a significant net reduction in parole caseloads. That is because a large reduction in the number of offenders in prison—for example, due to increased drug diversion programs—means ultimately that there would be fewer offenders being released from prison to parole supervision. The provisions in this measure reducing the period of time certain offenders are supervised on parole would also reduce parole caseloads.

Level of Savings for Prison and Parole Somewhat Uncertain. The level of savings to state prison and parole operations from all of these provisions are unknown and could, in the aggregate, be higher or lower than we have estimated by hundreds of millions of dollars,

depending upon how this measure is implemented. For example, the new state parole reform board created in this measure could expand the award of credits to inmates in rehabilitation programs but is not required to do so. Also, the savings to prison and parole operations resulting from this measure could vary significantly over time. For example, some offenders initially diverted from prison to drug treatment programs under this measure, who did not succeed in treatment, might eventually be returned to prison for committing crimes unrelated to drugs.

Net Savings on State Capital Outlay Costs

This measure would eventually result in one-time net state savings on capital outlay costs for new prison facilities that eventually could exceed $2.5 billion. This net estimate of savings takes into account both (1) likely savings to the state from constructing fewer prison beds because of a reduced inmate population and (2) increased needs for prison program space due to this measure's requirement for expanding in-prison rehabilitation programs. The costs for additional program space could be substantially less if (1) the expected reduction in the inmate population frees up existing prison space now being used to house inmates that could instead be used for operating rehabilitation programs for inmates and (2) the requirement for expanding inmate rehabilitation programs at least 90 days before their release is partly met by reducing program participation by inmates with more than 90 days to serve in prison.

Unknown Net Fiscal Impact on County Operations and Capital Outlay

County Operations. This measure provides more than $300 million in additional funding annually by 2009-10 through the SATTF for adult and juvenile drug treatment and diversion programs that would be operated mainly by counties. Counties are likely to incur increases in expenditures over time for the programs, including administrative costs, that are generally in line with the increase in the funding that they would receive from the state through the SATTF.

In addition, the measure could result in other increases and reductions in county operating costs and revenues. For example, provisions requiring use of Proposition 63 funds for mentally ill offenders placed in drug treatment diversion programs could increase county costs to the extent that this change prompted counties to replace the funds shifted to these offenders with other local funds. However, the expansion of drug treatment diversion programs in this measure could reduce county costs for jailing offenders for drug-related crimes. The net fiscal impact of these and other factors on counties is unknown and could vary significantly from one jurisdiction to another.

County Capital Outlay. Some counties could, as a result of this measure, face added capital outlay costs for housing parole violators who would be diverted from prison to jails. However, these capital outlay costs could be offset by the diversion of drug offenders from jails to treatment in the community. Other aspects of the measure could also reduce jail populations. The net effect on county capital outlay costs is unknown and would probably vary significantly from one jurisdiction to another.

Other Fiscal Impacts on State and Local Governments

This measure could result in other state and local government costs. This would occur, for example, to the extent that additional offenders diverted from prison or jail require government services or commit additional crimes that result in additional law enforcement costs or victim-related government costs, such as government-paid health care for persons without private insurance coverage. Alternatively, there could be increased state and local government revenue to the extent that offenders remaining in the community because of this measure become taxpayers. The magnitude of these impacts is unknown.

Proposition 6

CRIMINAL PENALTIES AND LAWS. PUBLIC SAFETY FUNDING. STATUTE.

Background

Criminal Justice Programs and Funds. State and local governments share responsibility for operating and funding various parts of California's criminal justice system. Generally, the state funds and operates prisons, parole, and the courts while local governments are responsible for community law enforcement, such as police, sheriff, and criminal prosecutions.

The state supports some criminal justice activities that have traditionally been a local responsibility. In 2007-08, the state allocated hundreds of millions of dollars for local criminal justice programs. This includes $439 million for three such programs, the Citizens' Option for Public Safety, the Juvenile Justice Crime Prevention Act, and Juvenile Probation and Camps Funding.

The state also administers the State Penalty Fund which collects revenues from fees assessed to some criminal offenders. These funds are disbursed for various purposes, including restitution to crime victims and peace officer training. Also, a portion is transferred to the state General Fund.

Criminal Sentencing Laws. State laws define three kinds of crimes: felonies, misdemeanors, and infractions. A felony is the most serious type of crime. State laws specify the penalty options available for each crime, such as the maximum sentence of imprisonment in county jail or state prison. About 18 percent of persons convicted of a felony are sent to state prison. Other felons are supervised on probation in the community, sentenced to county jail, pay a fine, or have some combination of these punishments.

The state operates 33 state prisons and other facilities that had a combined adult inmate population of about 171,000 as of May 2008. The costs to operate the California Department of Corrections and Rehabilitation in 2008-09 are estimated to be approximately $10 billion. The average annual cost to incarcerate an inmate is estimated to be about $46,000. The state prison system is currently experiencing overcrowding because there are not enough permanent beds available for all inmates. As a result, gymnasiums and other rooms in state prisons have been converted to house some inmates.

Supervision of Parolees and Sex Offenders. Offenders who have been convicted of a felony and serve their time in state prison are supervised on parole by the state after their release. State policies determine the number of parole agents and other staff necessary to supervise these parolees.
Proposition 83 (commonly referred to as "Jessica's Law") was approved by the voters in November 2006. Among other changes relating to sex offenders, the proposition requires that certain persons who have been convicted of a felony sex offense be monitored by a Global Positioning System (GPS) device while on parole and for the remainder of their lives. The proposition did not specify whether state or local governments would be responsible for paying for the GPS supervision costs after these offenders are discharged from state parole supervision.

Proposal

This measure makes several changes to current laws relating to California's criminal justice system. The most significant of these changes are described below.

Required Spending Levels for Certain New and Existing Criminal Justice Programs. The proposal creates new state-funded criminal justice programs. The measure also requires that funding for certain existing programs be at least continued at their 2007-08 levels. In total, the measure requires state spending of at least $965 million for specified criminal justice programs beginning in 2009-10. This amount reflects an increase in funding of $365 million compared to the amount provided in the 2007-08 Budget Act. Figure 1 summarizes the increase in state spending required by this measure, generally beginning in 2009-10.

Figure 1
Proposition 6
Required Spending Levels for New and Existing
Criminal Justice Programs Affected by This Measure

(In Millions)

	Current Spending Level	Proposition 6	Change
Local law enforcementa	$187	$406	$219
Local juvenile programs	413b	479	66
New offender rehabilitation programs and evaluations	—	23	23
New crime victim assistance programs	—	13	13
Other new state programs	—	45	45
Totals	$600	$965	$365

a Local law enforcement includes funding directed to police, sheriffs, district attorneys, adult probation, and jails.
b Includes $93 million for the Youthful Offender Block Grant as authorized by current law for 2009-10.

Detail may not total due to rounding.

Most of the new state spending required by this measure would be for local law enforcement activities, directed primarily to police, sheriffs, district attorneys, jails, and probation offices. The remaining new state spending would be provided for local juvenile programs, offender rehabilitation, crime victim assistance, and other state criminal justice programs. Specifically, the measure requires new state spending for such purposes as:

- Increased supervision of adult probationers by counties ($65 million);
- Juvenile facility repair and renovation and the operation of county probation programs for youth ($50 million);
- City law enforcement efforts to target various crimes, including violent, gang, and gun crimes ($30 million);
- Prosecution of violent, gang, and vehicle theft crimes ($25 million);
- The construction and operation of county jails ($25 million);
- Assisting county sheriff and mid-size city police agencies to participate in county, regional, and statewide enforcement activities and programs ($20 million);
- Programs to assist parolees in their reentry into communities ($20 million).

The measure prohibits the state or local governments from using the new funding to replace funds now used for the same purposes. In addition, the measure requires that future funding for most of these new and existing programs be adjusted annually for inflation.

In addition, this measure redistributes the State Penalty Fund in a way that increases training support for peace officers, corrections staff, prosecutors, and public defenders, as well as various crime victims' services programs, while eliminating the existing transfer of the money to the state General Fund. About $14 million was transferred from the State Penalty Fund to the General Fund in 2007-08. The measure also requires that Youthful Offender Block Grant funds—provided by the state to house, supervise, and provide various types of treatment services to juveniles—be distributed to county probation offices and eliminates existing provisions that permit these funds to be provided directly to drug treatment, mental health, or other county departments.
This measure also creates a new state office in part to distribute public service announcements about crime rates and criminal justice statutes, such as the "Three Strikes and You're Out" law, and establishes a commission to evaluate publicly funded early intervention and rehabilitation programs designed to reduce crime.

Increased Penalties for Certain Crimes. The measure increases criminal penalties for certain crimes, as well as creates some new felonies and misdemeanors. These changes to penalties include crimes related to gang participation and recruitment, intimidation of individuals involved in court proceedings, possession and sale of methamphetamines, vehicle theft, removing or disabling a GPS device, and firearms possession. These and other proposed increases in penalties would likely result in more offenders being sentenced to state prison or jail for a longer period of time for the crimes specified in the measure. Figure 2 lists some examples of increased penalties and new crimes created by this measure.

Figure 2
Proposition 6
Examples of Increased Penalties and New Crimes Created by This Measure

Gang Participation and Recruitment

- Gang membersa convicted of home robbery, carjacking, extortion, or threats to witnesses would be subject to life terms in prison.
- Adds additional five years in prison for gang recruitment if the person recruited was under the age of 14.
- Doubles penalties for inmates who commit a felony as part of a gang.
- Ten-year additional penalty for gang members who attempt to commit violent crimes.
- Failure to register as a gang member with local law enforcement would be a felony or misdemeanor, depending on the underlying conviction.

Methamphetamine Crimes

- Defines possession of methamphetamines as a felony. (This crime currently can be prosecuted as a misdemeanor or a felony.)b
- Increases prison term for sale, possession for sale, and transportation of methamphetamines generally by one year.

Vehicle Theft

- Adds additional year in prison for car theft if theft was for purpose of selling the stolen car.
- Allows law enforcement authorities to impound vehicles for up to 60 days when a gun used in a crime is found in one.
- Generally prohibits probation for a conviction of car theft if the offender has multiple prior convictions for car theft.

Other Increased Penalties and New Crimes

- Up to four-year prison term for intimidating a witness, judge, or other person for participating in a court proceeding.
- Unauthorized removal of an offender's GPS device that is required under existing law or worn as a condition of probation or parole would be a misdemeanor or felony, depending on the underlying conviction.
- Ten additional years in prison for possession of a concealed weapon by certain convicted felons.

a Generally as defined in Penal Code 186.22.
b Measure does not change eligibility for some offenders for drug treatment diversion under Proposition 36.

Various Changes to State Parole Policies. The measure makes several changes to state parole policies. Among the most significant changes to state parole is a reduction in the average parolee caseload of parole agents from about 70 parolees per parole agent to 50 parolees per parole agent. The measure also requires the state to pay the cost of GPS monitoring of sex offenders after their discharge from parole supervision.

Other Criminal Justice Changes. The measure makes several other changes to state laws affecting the criminal justice system. The more significant changes are summarized below:

Gang Databases. The measure requires the state to develop two databases related to gang information for the use of law enforcement agencies.

Hearsay Evidence. In general, the testimony of a witness is considered hearsay when it repeats someone's previous statement for the purpose of proving that the content of that statement is true. Hearsay evidence is not admissible in court except under limited circumstances. The measure would expand the circumstances in which hearsay evidence is admissible in court, especially in cases where someone has intimidated or otherwise tampered with a witness.

Gang Injunction Procedures. The measure changes legal procedures to make it easier for local law enforcement agencies to bring lawsuits against members of street gangs to prevent them from engaging in criminal activities and makes violation of such court-ordered injunctions a new and separate crime punishable by fines, prison, or jail.

Criminal Background Checks for Public Housing Residents. Among other state expenditures, this measure provides $10 million annually for grants to governmental agencies responsible for enforcing compliance with public housing occupancy requirements. Agencies that accepted these funds would be required to conduct criminal background checks of all public housing residents at least once per year.

Temporary Housing for Offenders. The measure permits counties with overcrowded jails to operate temporary jail and treatment facilities to house offenders. These temporary facilities would be required to meet local health and safety codes that apply to residences.

Release of Undocumented Persons. This measure prohibits a person charged with a violent or gang-related felony from being released on bail or his or her own recognizance pending trial if he or she is illegally in the United States.

Juvenile Justice Coordinating Council Membership. Each county that receives state funds for certain juvenile crime prevention grant programs currently must have a juvenile justice coordinating council that develops a comprehensive plan on how to provide services and supervision to juvenile offenders. This measure changes who may participate on the council. For example, counties would no longer be required to include representatives of community-based substance abuse treatment programs.

Juveniles in Adult Court. The measure would expand the circumstances under which juveniles would be eligible for trial in an adult criminal court, rather than the juvenile court system, for certain gang-related offenses.

Fiscal Effects

This measure would have significant fiscal effects on both the state and local governments. The most significant fiscal effects are summarized in Figure 3 and discussed in more detail below. These fiscal estimates could change due to pending federal court litigation or budget actions.

Figure 3
Proposition 6
Summary of Fiscal Effects on State and Local Governments

Fiscal Effects	Amount
Increase in net annual state costs primarily for the following: □ Required spending of $965 million for certain new and existing criminal justice programs, an increase of $365 million. □ Requirement that certain criminal justice program spending increase annually with inflation. □ Increased penalties for certain crimes resulting in higher prison population. □ Increased parole costs due to reduced caseload requirements.	More than $500 million within first few years, which would grow by tens of millions of dollars annually in subsequent years.
Additional one-time state capital outlay costs for prison facilities.	Potentially more than $500 million.
Costs and savings to state trial courts, county jails, and other criminal justice agencies.	Unknown net fiscal impact.

Required Spending Levels for Certain New and Existing Criminal Justice Programs. The measure requires state spending for various state and local criminal justice programs totaling about $965 million beginning in 2009-10, an increase of $365 million compared to 2007-08. We estimate that this amount will increase by about $100 million in about five years due to the measure's provisions that require that state funding for certain programs be adjusted each year for inflation. In addition, the redistribution of the State Penalty Fund could result in about a $14 million loss in state General Fund revenues compared to the 2007-08 budget.

Increased Penalties for Certain Crimes; Parole Policy Changes. Various provisions of this measure would result in additional state costs to operate the prison and parole system. These costs are likely to grow to at least a couple hundred million dollars annually after a number of years. These increased costs are mainly due to provisions that increase penalties for gang, methamphetamines, vehicle theft, and other crimes, as well as provisions that decrease parole agent caseloads and require the state to pay for the cost of GPS monitoring for sex offenders discharged from parole supervision.

State Capital Outlay Costs. The provisions increasing criminal penalties for certain crimes could also result in additional one-time capital outlay costs, primarily related to prison construction and renovation. The magnitude of these one-time costs is unknown but potentially could exceed $500 million.

State Trial Courts, County Jails, and Other Criminal Justice Agencies. This measure could have significant fiscal effects on state trial courts, county jails, and other criminal justice agencies, potentially resulting in both new costs and savings. The net fiscal effect of its various provisions is unknown as discussed further below.

On the one hand, the measure could result in increased costs to the extent that the additional funding provided for local law enforcement activities results in more offenders being arrested, prosecuted, and incarcerated in local jails or state prisons. There could also be additional jail costs for holding undocumented offenders arrested for violent or gang-related crimes who would no longer be eligible for bail or release on their own recognizance. The measure's provision permitting the use of temporary jail and treatment facilities could result in additional costs to counties to purchase, renovate, and operate such temporary facilities. The magnitude of these costs would depend primarily on the number and size of new temporary facilities utilized by counties.

On the other hand, the measure provides some additional funding for prevention and intervention programs designed to reduce the likelihood that individuals will commit new crimes. To the degree that these programs are successful, they could result in fewer offenders being arrested, prosecuted, and incarcerated in local jails or state prisons than would otherwise occur. Additionally, the measure's provisions increasing criminal penalties for specified crimes could reduce costs related to courts and other criminal justice agencies by deterring some offenders from committing new crimes.

Other Impacts on State and Local Governments. Other savings to the state and local government agencies could result to the extent that offenders imprisoned for longer periods under the measure's provisions require fewer government services, or commit fewer crimes that result in victim-related government costs. Alternatively, there could be an offsetting loss of revenue to the extent that offenders serving longer prison terms

would no longer become taxpayers under current law. The extent and magnitude of these impacts are unknown.

Proposition 7

RENEWABLE ENERGY. STATUTE.

Background

California Electricity Providers
Californians generally receive electricity service from one of three types of providers:
Investor-owned utilities (IOUs), which provide 68 percent of retail electricity service.
Local, publicly owned utilities, which provide 24 percent of retail electricity service.
Electric service providers (ESPs), which provide 8 percent of retail electricity service.
(See the nearby text box for definitions of commonly used terms throughout this analysis.)

Commonly Used Terms—Proposition 7
Energy Commission (Energy Resources Conservation and Development Commission). The state agency that forecasts energy supply and demand, implements energy conservation programs, conducts energy-related research, and permits certain power plants.
ESP (Electric Service Provider). A company that provides electricity service directly to customers who have chosen not to receive service from the utility that serves their geographic area.
IOU (Investor-Owned Utility). A privately owned electric utility that has a defined geographic service area and is required by state law to serve customers in that area. The Public Utilities Commission regulates the IOU's rates and terms of service.
Market Price of Electricity. A benchmark price of electricity that is determined by a state agency according to a definition and criteria specified in state law.
Publicly Owned Utility. A local government agency, governed by a board—either elected by the public or appointed by a local elected body—that provides electricity service in its local area.
PUC (Public Utilities Commission). The state agency that regulates various types of utilities, including IOUs and ESPs.
RPS (Renewables Portfolio Standard). Requirement that electricity providers increase their share of electricity from renewable resources (such as wind or solar power) according to a specified time line.

Investor-Owned Utilities. The IOUs are owned by private investors and provide electricity service for profit. The state's three largest electricity IOUs are Pacific Gas and Electric, Southern California Edison, and San Diego Gas and Electric. Each IOU has a unique, defined geographic service area. State law requires each IOU to provide electricity service to customers within its service area. The rates that IOUs can charge their customers are determined by the California Public Utilities Commission (PUC). In

addition, PUC regulates how IOUs provide electricity service to their customers. These conditions on electricity rates and service are known as "terms of service."

Publicly Owned Utilities. A publicly owned electric utility is a local government agency, governed by a board—either elected by the public or appointed by a local elected body—that provides electricity service in its local area. Publicly owned electric utilities are not regulated by PUC. Rather, they set their own terms of service. California's major publicly owned electric utilities include the Los Angeles Department of Water and Power and the Sacramento Municipal Utility District.

Electric Service Providers. The ESPs provide electricity service to customers who have chosen not to receive service from the utility that serves their geographic area. Instead, these customers have entered into "direct access" contracts with ESPs. Under a direct access contract, an ESP delivers electricity to the customer through the local utility's electricity transmission wires.

There are currently around 20 registered ESPs in the state. These ESPs generally serve large industrial and commercial customers. The ESPs also provide electricity to some state and local government agencies, such as several University of California campuses and some local school districts.

The state's regulatory authority over ESPs is limited. Although the PUC does not set an ESP's terms of service, including the rates it charges its customers, it does require ESPs to meet a limited set of requirements, including proof that they have enough electricity supply to meet demand.

Electricity Infrastructure

Major Components. Four principal components comprise California's system for generating and delivering electricity:

Electricity generating facilities.

The interstate electricity transmission grid.

Electricity transmission lines that tie generation facilities to the grid.

Electricity distribution lines that connect the electricity grid to electricity consumers.

Regulatory responsibility for permitting this infrastructure is held by one or more federal, state, and local agencies, depending on the particular project.

Permitting Authority. Permitting authority for an electricity generating facility is determined by the type and size of the facility to be operated. For example, hydroelectric generating facilities, such as dams, are permitted by the Federal Energy Regulatory Commission (FERC). Thermal electricity generating facilities—primarily natural gas-fired power plants—capable of generating 50 megawatts or more of electricity are issued permits by the state's Energy Resources Conservation and Development Commission (Energy Commission). Most other electricity generating facilities—including many types of renewable energy generating facilities, such as wind turbines and nonthermal solar power plants—are permitted by local government.

Permitting authority over electricity transmission lines depends upon the function of the line to be built, as well as the type of electricity provider that will own the line. Depending upon its function and ownership, a line may be permitted by FERC, the Energy Commission, PUC, or local government.

Energy Commission's Permit Processing Time Frames. Existing law defines the time frames within which the Energy Commission must approve or deny an application to construct and operate an electricity generating facility or transmission line under its jurisdiction. Those time frames are 18 months for most applications, or 12 months for applications meeting certain conditions.

Energy From Renewable Resources

Renewables Portfolio Standard. Current law requires IOUs and ESPs to increase the amount of electricity they acquire (from their own sources or purchased from others) that is generated from renewable resources, such as solar and wind power. This requirement is known as the renewables portfolio standard (RPS). Each electricity provider subject to the RPS must increase its share of electricity generated from eligible renewable resources by at least 1 percent each year so that, by the end of 2010, 20 percent of its electricity comes from renewable sources. (As discussed later, publicly owned utilities are subject to a different renewable energy requirement.)

IOU Obligations Under the RPS Limited by a Cost Cap. Current law limits the amount of renewable electricity an IOU is required to acquire under the RPS, regardless of the annual RPS targets that apply to the IOU. The limit is based on two cost-related factors:

The "market price of electricity," as that price is defined by PUC according to criteria specified in state law.

The amount of money that would have been collected from electricity ratepayers under a previously operating state program to subsidize the cost of renewable electricity.

An IOU is required to acquire renewable electricity even at a cost that exceeds the PUC-defined market price of electricity. An IOU that does not acquire sufficient amounts of renewable electricity may face monetary penalties. However, an IOU is required to acquire such higher-cost renewable electricity only to the extent that the above-market costs are less than the amount of funds that the IOU would have collected under the previously operating state subsidy program. In this way, current law caps the annual cost of complying with the RPS, both to IOUs and to their customers who ultimately pay these costs through rates charged to them.

Enforcing the RPS. Current law requires PUC to enforce IOU and ESP compliance with the RPS. Only the IOUs are required to submit plans that describe how they will meet RPS targets at the least possible cost. In addition, IOUs and ESPs generally must offer contracts to purchase renewable resources of no less than ten years.

The PUC may fine an IOU or an ESP that fails to meet its year-to-year RPS target. The PUC has set the amount of the penalties at 5 cents per kilowatt hour by which the IOU or ESP falls short of its RPS target. The PUC has capped the total amount of penalties an

IOU or ESP can be charged in a year at $25 million. Current law does not direct the use of these penalty monies, which generally are deposited in the state General Fund.

Publicly Owned Utilities Set Their Own Renewable Energy Standards. Current law does not require publicly owned utilities to meet the same RPS that other electricity providers are required to meet. Rather, current law directs each publicly owned utility to put in place and enforce its own renewables portfolio standard and allows each publicly owned utility to define the electricity sources that it counts as renewable. No state agency enforces publicly owned utility compliance or places penalties on a publicly owned utility that fails to meet the renewable energy goals it has set for itself.

Progress Towards Meeting the State's RPS Goal. The different types of electricity providers vary in their progress towards achieving the state's RPS goal of having 20 percent of electricity generated from renewable sources by 2010. As of 2006 (the last year for which data are available), the IOUs together had 13 percent of their electricity generated from renewable resources. The ESPs had 2 percent of their electricity generated from those same types of resources. Using their own, various definitions of "renewable resources," the publicly owned utilities together had nearly 12 percent of their electricity generated from renewable resources. If the current definition of renewable resources in state law that applies to IOUs and ESPs (which does not include large hydroelectric dams, for example) is applied to the publicly owned utilities, their renewable resources count falls to just over 7 percent as of 2006. However, in recent years, publicly owned utilities have increased their renewable electricity deliveries at a faster rate than have the IOUs, according to data compiled by the Energy Commission.

Proposal

Overview of Measure

This measure makes a number of changes regarding RPS and the permitting of electricity generating facilities and transmission lines. Primarily, the measure:

- Establishes additional, higher RPS targets for electricity providers.
- Makes RPS requirements enforceable on publicly owned utilities.
- Changes the process for defining "market price of electricity."
- Changes the cost cap provisions that limit electricity provider obligations under the RPS.
- Expands scope of RPS enforcement.
- Revises RPS-related contracting period and obligations.
- Sets a lower penalty rate in statute and removes the cap on the total penalty amount for failure to meet RPS requirements.
- Directs the use of RPS penalty revenues.
- Expands Energy Commission's permitting authority.

Each of these components is described below.

Individual Components of Measure

Establishes Additional, Higher RPS Targets. The measure adds two new, higher RPS targets—40 percent by 2020 and 50 percent by 2025. Each electricity provider would need to meet the targets by increasing the share of electricity that it acquires that is generated from renewable energy by at least 2 percent a year, rather than the current 1 percent per year. The measure eliminates the requirement under current law that an electricity provider compensate for failure to meet an RPS target in any given year by procuring additional renewable energy in subsequent years.

Makes RPS Requirements Enforceable on Publicly Owned Utilities. The measure requires publicly owned utilities generally to comply with the same RPS as required of IOUs and ESPs, including the current RPS goal to increase to 20 percent by 2010 the proportion of each electricity provider's electricity that comes from renewable resources. The measure also gives the Energy Commission authority to enforce RPS requirements on publicly owned utilities. The measure, however, specifies that the Energy Commission does not have the authority to approve or disapprove a publicly owned utility's renewable resources energy contract, including its terms or conditions.

Changes Process for Defining "Market Price of Electricity." The measure makes two major changes in how the market price of electricity is defined for purposes of implementing the RPS. First, the measure shifts from PUC to the Energy Commission responsibility for determining the market price of electricity. Second, the measure adds three new criteria to current-law requirements that the Energy Commission would need to consider when defining the market price of electricity. These criteria include consideration of the value and benefits of renewable resources.

Changes the Cost Cap Provisions That Limit Electricity Provider Obligations Under the RPS. As under current law, the measure provides a cost cap to limit the amount of potentially higher-cost renewable electricity that an IOU must acquire regardless of the annual RPS targets. The measure extends the cost cap limit to ESPs as well. The measure requires that an electricity provider acquire renewable electricity towards meeting annual RPS targets, or face monetary penalties, only as long as the cost of such electricity is no more than 10 percent above the Energy Commission-defined market price for electricity. The potentially higher cost of electricity generated from renewable resources would be recovered by IOUs and ESPs through rates charged to their customers, but subject to this 10 percent cost cap. Publicly owned utilities also could recover these potentially higher costs through rates charged to their customers. However, the costs of publicly owned utilities would not be subject to a cost cap similar to that which applies to IOUs and ESPs.

Expands Scope of RPS Enforcement. The measure expands PUC's current RPS-related enforcement mechanisms over IOUs to encompass ESPs. The enforcement mechanisms include review and adoption of renewable resources procurement plans, related rate-setting authority, and penalty authority. The measure grants to the Energy Commission similar RPS-related enforcement authority over publicly owned utilities.

Revises RPS-Related Contracting Period and Obligations. The measure requires all electricity providers—including publicly owned utilities—to offer renewable energy procurement contracts of no less than 20 years, with certain exceptions. The measure further requires an electricity provider to accept all offers for renewable energy that are at or below the market price of electricity as defined by the Energy Commission.

Sets Lower Penalty Rate in Statute and Removes Cap on Total Penalty Amount. The measure includes a formula to determine monetary penalties for an electricity provider that fails to sign contracts for sufficient amounts of renewable energy. The penalty formula is 1 cent per kilowatt hour by which the provider falls short of the applicable RPS target. The measure's formula therefore reflects a penalty rate that is lower than the 5 cents per kilowatt hour penalty rate currently established by the PUC. However, the measure also specifies that neither PUC nor the Energy Commission shall cap the total amount of penalties that may be placed on an electricity provider in any given year.

In addition, the measure states that no electricity provider shall recover the cost of any penalties through rates paid by its customers. However, it is unclear how this prohibition will apply to publicly owned utilities. This is because publicly owned utilities typically have no other source of revenues which could be used to pay a penalty other than rates paid by their customers.

Finally, the measure also specifies the conditions under which PUC or the Energy Commission, as applicable, may waive the statutorily prescribed penalty, such as when the electricity provider demonstrates a "good faith effort" to meet the RPS.

Directs Use of Penalty Monies. The measure directs that any RPS-related penalties (along with other specified revenues) be used to facilitate, through property or right-of-way acquisition and construction of transmission facilities, development of transmission infrastructure necessary to achieve RPS. The measure specifies that the Energy Commission will hold title to any properties acquired with such funds.

Expands Energy Commission's Permitting Authority. The measure expands the Energy Commission's existing permitting authority in two major ways, not limited to the RPS. Specifically, the measure:

- Grants the Energy Commission the authority to permit new nonthermal renewable energy power plants capable of producing 30 megawatts of electricity or more. The new permitting authority would include related infrastructure, such as electricity transmission lines that unite the plant with the transmission network grid. Currently, this permitting authority rests with local governments.

- Gives the Energy Commission the authority to permit IOUs to construct new transmission lines within the electricity transmission grid, currently a responsibility solely of the PUC at the state level. It is unclear, however, whether the measure has removed PUC's authority in giving it to the Energy Commission.

- The measure specifies that the Energy Commission is to issue a permit for a qualifying renewable energy plant or related facility within six months of the filing of an application. However, the commission is not required to issue the permit within the six-month time frame if there is evidence that the facility would cause significant harm

to the environment or the electrical system or in some way does not comply with legal or other specified standards.

- Declares Limited Impact on Ratepayer Electricity Bills. In its findings and declarations, the measure states that, in the "short term," California's investment in solar and clean energy (which would include the implementation of the measure) will result in no more than a 3 percent increase in electricity rates for consumers. However, the measure includes no specific provisions to implement or enforce this declaration.

Fiscal Effects

State and Local Administrative Impacts

Increased Energy Commission Costs. The measure will increase the annual administrative costs of the Energy Commission by approximately $2.4 million due to new responsibilities and expansion of existing duties. Under current law, the additional costs would be funded by fees paid by electricity customers.

The measure gives the Energy Commission new responsibilities which currently are carried out by PUC—namely, defining the market price of electricity and permitting IOU-related transmission lines. However, significant offsetting reductions in PUC's costs may not result under this measure. This is because the measure does not amend the State Constitution to delete from PUC's portfolio of responsibilities those which are given to the Energy Commission. To the extent PUC continues to carry out its existing duties, there likely will not be offsetting savings to PUC.

Increased PUC Costs. In addition, the measure's other requirements will increase annual administrative costs of the PUC by up to $1 million. These additional costs will result from greater workload related to the increased RPS targets. Under current law, these additional costs would be funded by fees paid by electricity customers.

Uncertain Effect on Local Government Administrative Costs. The measure shifts from local government to the Energy Commission responsibility for permitting certain renewable energy facilities. As a consequence, the measure will result in administrative cost savings of an unknown amount to local governments. However, local governments may face new costs associated with representing their interests at Energy Commission proceedings to permit renewable energy facilities. It is uncertain whether, on balance, savings to local governments will outweigh costs resulting from this measure. In any event, the overall net impact on local government administrative costs statewide is likely to be minor.

State and Local Government Costs and Revenues

The primary fiscal effect of this measure on state and local governments would result from any effect it would have on electricity rates. As discussed below, changes in electricity rates would affect both government costs and revenues.

Unknown Effect on State and Local Government Costs

Overview. Changes in electricity rates would affect government costs since state and local governments are large consumers of electricity. It is unknown, however, how the

measure will affect electricity rates, both in the short term and in the longer term. This is because it is difficult to predict the relative prices of renewable resources and those of conventional electricity sources, such as natural gas. The measure could result in higher or lower electricity rates from what they would otherwise be.

Short Term. We conclude that the prospects for higher electricity rates are more likely in the short term, based on a comparison of current cost factors for key renewable resources with those for conventional resources. These cost factors include the cost of facility construction and technology, as well as day-to-day operational costs, which include the cost of inputs into the electricity generation process such as fuel. Over the short term at least, these cost factors are more likely to keep the cost of electricity generated from renewable resources, and hence the rates paid by electricity customers for that electricity, above the cost of electricity generated from conventional resources. However, the potential for higher electricity rates to the customer, including state and local governments, might be limited by the measure. This is because the measure caps the cost that privately owned electricity providers must pay for electricity from renewable resources. The cap will be set in relation to the market price of electricity, which will be determined by the Energy Commission. However, because the measure allows the commission substantial discretion in determining the market price of electricity, it is uncertain how the commission will set this cap. In turn, the effect of the cap on the price of electricity paid by customers is unknown.

Long Term. In the long run, there are factors that may be affected by the measure that have the potential either to increase or to decrease electricity rates from what they otherwise would be. For example, to the extent that the measure advances development of renewable energy resources in a manner that lowers their costs, electricity customers might experience longer-term savings. On the other hand, the same cost factors that could lead to short-term electricity rates that are higher might also lead to higher long-run electricity rates. To the extent that the measure requires electricity providers to acquire more costly electricity than they otherwise would, they will experience longer-term cost increases. It is unknown whether, on balance, factors that could increase electricity rates over the long term will outweigh those that could decrease electricity rates over the long term. Therefore, the long-term effect of the measure on government costs is unknown.

Unknown Effect on State and Local Government Revenues

Overview. State and local revenues also would be affected by the measure's impact on electricity rates. This is for two reasons. First, some local governments charge a tax on the cost of electricity use within their boundaries. To the extent that the measure results in an increase or a decrease in electricity rates compared to what they would be otherwise, there would be a corresponding increase or decrease in these local tax revenues. Second, tax revenues received by governments are affected by business profits, personal income, and taxable sales—all of which in turn are affected by what individuals and businesses pay for electricity. Higher electricity costs will lower government revenues, while lower electricity costs will raise these revenues.

Short Term. On balance, as explained above, we believe that the prospects for electricity rates that are higher than they would otherwise be are more likely in the short term. However, as also is the case with state and local government costs, the measure's

potential to lower state and local government revenues due to higher electricity rates might be limited by the measure's cost cap provision. Thus, for the short term, to the extent that the measure results in higher electricity rates from what they would otherwise be, local utility user tax revenues would increase and state and local sales and income tax revenues would decrease. The overall short-term net effect of the measure on state and local revenues is unknown.

Long Term. As for the long run, as explained above, the measure has the potential to either increase or decrease electricity rates. Because the measure's effect on long-term electricity rates is unknown, the measure's effect on long-term government revenues is also unknown.

Proposition 8

LIMIT ON MARRIAGE. CONSTITUTIONAL AMENDMENT.

Background

In March 2000, California voters passed Proposition 22 to specify in state law that only marriage between a man and a woman is valid or recognized in California. In May 2008, the California Supreme Court ruled that the statute enacted by Proposition 22 and other statutes that limit marriage to a relationship between a man and a woman violated the equal protection clause of the California Constitution. It also held that individuals of the same sex have the right to marry under the California Constitution. As a result of the ruling, marriage between individuals of the same sex is currently valid or recognized in the state.

Proposal

This measure amends the California Constitution to specify that only marriage between a man and a woman is valid or recognized in California. As a result, notwithstanding the California Supreme Court ruling of May 2008, marriage would be limited to individuals of the opposite sex, and individuals of the same sex would not have the right to marry in California.

Fiscal Effects

Because marriage between individuals of the same sex is currently valid in California, there would likely be an increase in spending on weddings by same-sex couples in California over the next few years. This would result in increased revenue, primarily sales tax revenue, to state and local governments.

By specifying that marriage between individuals of the same sex is not valid or recognized, this measure could result in revenue loss, mainly from sales taxes, to state and local governments. Over the next few years, this loss could potentially total in the several tens of millions of dollars. Over the long run, this measure would likely have little fiscal impact on state and local governments.

Proposition 9

CRIMINAL JUSTICE SYSTEM, VICTIMS' RIGHTS, PAROLE. CONSTITUTIONAL AMENDMENT AND STATUTE.

Overview of Proposal

This measure amends the State Constitution and various state laws to (1) expand the legal rights of crime victims and the payment of restitution by criminal offenders, (2) restrict the early release of inmates, and (3) change the procedures for granting and revoking parole. These changes are discussed in more detail below.

Expansion of the Legal Rights of Crime Victims and Restitution

Background

In June 1982, California voters approved Proposition 8, known as the "Victims' Bill of Rights." Among other changes, the proposition amended the Constitution and various state laws to grant crime victims the right to be notified of, to attend, and to state their views at, sentencing and parole hearings. Other separately enacted laws have created other rights for crime victims, including the opportunity for a victim to obtain a judicial order of protection from harassment by a criminal defendant.

Proposition 8 established the right of crime victims to obtain restitution from any person who committed the crime that caused them to suffer a loss. Restitution often involves replacement of stolen or damaged property or reimbursement of costs that the victim incurred as a result of the crime. A court is required under current state law to order full restitution unless it finds compelling and extraordinary reasons not to do so. Sometimes, however, judges do not order restitution. Proposition 8 also established a right to "safe, secure and peaceful" schools for students and staff of primary, elementary, junior high, and senior high schools.

Changes Made by This Measure

Restitution. This measure requires that, without exception, restitution be ordered from offenders who have been convicted, in every case in which a victim suffers a loss. The measure also requires that any funds collected by a court or law enforcement agencies from a person ordered to pay restitution would go to pay that restitution first, in effect prioritizing those payments over other fines and obligations an offender may legally owe.

Notification and Participation of Victims in Criminal Justice Proceedings. As noted above, Proposition 8 established a legal right for crime victims to be notified of, to attend, and to state their views at, sentencing and parole hearings. This measure expands these legal rights to include all public criminal proceedings, including the release from custody of offenders after their arrest, but before trial. In addition, victims would be given the constitutional right to participate in other aspects of the criminal justice process, such as conferring with prosecutors on the charges filed. Also, law enforcement and criminal prosecution agencies would be required to provide victims with specified information, including details on victim's rights.

Other Expansions of Victims' Legal Rights. This measure expands the legal rights of crime victims in various other ways, including the following:

Crime victims and their families would have a state constitutional right to (1) prevent the release of certain of their confidential information or records to criminal defendants, (2) refuse to be interviewed or provide pretrial testimony or other evidence requested in behalf of a criminal defendant, (3) protection from harm from individuals accused of committing crimes against them, (4) the return of property no longer needed as evidence in criminal proceedings, and (5) "finality" in criminal proceedings in which they are involved. Some of these rights now exist in statute.

The Constitution would be changed to specify that the safety of a crime victim must be taken into consideration by judges in setting bail for persons arrested for crimes.

The measure would state that the right to safe schools includes community colleges, colleges, and universities.

Restrictions on Early Release of Inmates

Background

The state operates 33 state prisons and other facilities that had a combined adult inmate population of about 171,000 as of May 2008. The costs to operate the California Department of Corrections and Rehabilitation (CDCR) in 2008-09 are estimated to be approximately $10 billion. The average annual cost to incarcerate an inmate is estimated to be about $46,000. The state prison system is currently experiencing overcrowding because there are not enough permanent beds available for all inmates. As a result, gymnasiums and other rooms in state prisons have been converted to house some inmates.

Both the state Legislature and the courts have been considering various proposals that would reduce overcrowding, including the early release of inmates from state prison. At the time this analysis was prepared, none of these proposals had been adopted. State prison populations are also affected by credits granted to prisoners. These credits, which can be awarded for good behavior or participation in specific programs, reduce the amount of time a prisoner must serve before release.

Collectively, the state's 58 counties spend over $2.4 billion on county jails, which have a population in excess of 80,000. There are currently 20 counties where an inmate population cap has been imposed by the federal courts and an additional 12 counties with a self-imposed population cap. In counties with such population caps, inmates are sometimes released early to comply with the limit imposed by the cap. However, some sheriffs also use alternative methods of reducing jail populations, such as confining inmates to home detention with Global Positioning System (GPS) devices.

Changes Made by This Measure

This measure amends the Constitution to require that criminal sentences imposed by the courts be carried out in compliance with the courts' sentencing orders and that such sentences shall not be "substantially diminished" by early release policies to alleviate

overcrowding in prison or jail facilities. The measure directs that sufficient funding be provided by the Legislature or county boards of supervisors to house inmates for the full terms of their sentences, except for statutorily authorized credits which reduce those sentences.

Changes Affecting the Granting and Revocation of Parole

Background

The Board of Parole Hearings conducts two different types of proceedings relating to parole. First, before CDCR releases an individual who has been sentenced to life in prison with the possibility of parole, the inmate must go before the board for a parole consideration hearing. Second, the board has authority to return to state prison for up to a year an individual who has been released on parole but who subsequently commits a parole violation. (Such a process is referred to as parole revocation.) A federal court order requires the state to provide legal counsel to parolees, including assistance at hearings related to parole revocation charges.

Changes Made by This Measure

Parole Consideration Procedures for Lifers. This measure changes the procedures to be followed by the board when it considers the release from prison of inmates with a life sentence. Specifically:

Currently, individuals whom the board does not release following their parole consideration hearing must generally wait between one and five years for another parole consideration hearing. This measure would extend the time before the next hearing to between 3 and 15 years, as determined by the board. However, inmates would be able to periodically request that the board advance the hearing date.

Crime victims would be eligible to receive earlier notification in advance of parole consideration hearings. They would receive 90 days advance notice, instead of the current 30 days.

Currently, victims are able to attend and testify at parole consideration hearings with either their next of kin and up to two members of their immediate family, or two representatives. The measure would remove the limit on the number of family members who could attend and testify at the hearing, and would allow victim representatives to attend and testify at the hearing without regard to whether members of the victim's family were present.

Those in attendance at parole consideration hearings would be eligible to receive a transcript of the proceedings.

General Parole Revocation Procedures. This measure changes the board's parole revocation procedures for offenders after they have been paroled from prison. Under a federal court order in a case known as Valdivia v. Schwarzenegger, parolees are entitled to a hearing within 10 business days after being charged with violation of their parole to determine if there is probable cause to detain them until their revocation charges are resolved. The measure extends the deadline for this hearing to 15 days. The same court

order also requires that parolees arrested for parole violations have a hearing to resolve the revocation charges within 35 days. This measure extends this timeline to 45 days. The measure also provides for the appointment of legal counsel to parolees facing revocation charges only if the board determines, on a case-by-case basis, that the parolee is indigent and that, because of the complexity of the matter or because of the parolee's mental or educational incapacity, the parolee appears incapable of speaking effectively in his or her defense. Because this measure does not provide for counsel at all parole revocation hearings, and because the measure does not provide counsel for parolees who are not indigent, it may conflict with the Valdivia court order, which requires that all parolees be provided legal counsel.

Fiscal Effects

Our analysis indicates that the measure would result in: (1) state and county fiscal impacts due to restrictions on early release, (2) potential net state savings from changes in parole board procedures, and (3) changes in restitution funding and other fiscal impacts. The fiscal estimates discussed below could change due to pending federal court litigation or budget actions.

State and County Fiscal Impacts of Early Release Restrictions

As noted above, this measure requires that criminal sentences imposed by the courts be carried out without being substantially reduced by early releases in order to address overcrowding. This provision could have a significant fiscal impact on both the state and counties depending upon the circumstances related to early release and how this provision is interpreted by the courts.

State Prison. The state does not now generally release inmates early from prison. Thus, under current law, the measure would probably have no fiscal effect on the state prison system. However, the measure could have a significant fiscal effect in the future in the event that it prevented the Legislature or the voters from enacting a statutory early release program to address prison overcrowding problems. Under such circumstances, this provision of the measure could prevent early release of inmates, thereby resulting in the loss of state savings on prison operations that might otherwise amount to hundreds of millions of dollars annually.

County Jails. As mentioned above, early releases of jail inmates now occur in a number of counties, primarily in response to inmate population limits imposed on county jail facilities by federal courts. Given these actions by the federal courts, it is not clear how, and to what extent, the enactment of such a state constitutional measure would affect jail operations and related expenditures in these counties. For example, it is possible that a county may comply with a population cap by expanding its use of GPS home monitoring or by decreasing the use of pretrial detention of suspects, rather than by releasing inmates early. In other counties not subject to federal court-ordered population caps, the measure's restrictions on early release of inmates could affect jail operations and related costs, depending upon the circumstances related to early release and how this provision was interpreted by the courts. Thus, the overall cost of this provision for counties is unknown.

Potential Net State Savings From Changes in Parole Board Procedures

The provisions of this measure that reduce the number of parole hearings received by inmates serving life terms would likely result in state savings amounting to millions of dollars annually. Additional savings in the low tens of millions of dollars annually could result from the provisions changing parole revocation procedures, such as by limiting when counsel would be provided by the state. However, some of these changes may run counter to the federal Valdivia court order related to parole revocations and therefore could be subject to legal challenges, potentially eliminating these savings. In addition, both the provisions related to parole consideration and revocation could ultimately increase state costs to the extent that they result in additional offenders being held in state prison longer than they would otherwise. Thus, the overall fiscal effect from these changes in parole revocation procedures is likely to be net state savings in the low tens of millions of dollars annually unless the changes in the process were found to conflict with federal legal requirements contained in the Valdivia court order.

Changes in Restitution Funding and Other Fiscal Impacts

Restitution Funding. The changes to the restitution process contained in this measure could affect state and local programs. Currently, a number of different state and local agencies receive funding from the fines and penalties collected from criminal offenders. For example, revenues collected from offenders go to counties' general funds, the state Fish and Game Preservation Fund for support of a variety of wildlife conservation programs, the Traumatic Brain Injury Fund to help adults recover from brain injuries, and the Restitution Fund for support of crime victim programs. Because this initiative requires that all monies collected from a defendant first be applied to pay restitution orders directly to the victim, it is possible that the payments of fine and penalty revenues to various funds, including the Restitution Fund, could decline.

However, any loss of Restitution Fund revenues may be offset to the extent that certain provisions of this initiative increase the amount of restitution received directly by victims, thereby reducing their reliance on assistance from the Restitution Fund. Similarly, this initiative may also generate some savings for state and local agencies to the extent that increases in payments of restitution to crime victims cause them to need less assistance from other state and local government programs, such as health and social services programs.

Legal Rights of Criminal Victims. Because the measure gives crime victims and their families and representatives a greater opportunity to participate in and receive notification of criminal justice proceedings, state and local agencies could incur additional administrative costs. Specifically, these costs could result from lengthier court and parole consideration proceedings and additional notification of victims by state and local agencies about these proceedings.

The net fiscal impact of these changes in restitution funding and legal rights of criminal victims on the state and local agencies is unknown.

Proposition 10

BONDS. ALTERNATIVE FUEL VEHICLES AND RENEWABLE ENERGY. STATUTE.

Background

State Energy and Air Quality Programs. The state administers a number of programs to promote renewable energy (such as solar and wind power), alternative clean fuels (such as natural gas), energy efficiency, and air quality improvements. Some programs provide financial incentives, such as grants, loans, loan guarantees, rebates, and tax credits. Funding for these programs has primarily come from fee revenues, although general obligation (GO) bonds more recently have been a funding source for air quality-related incentive programs.

State and Local Taxes and Local Vehicle License Fee (VLF) Revenues. State and local governments levy a number of taxes, including the sales and use tax (SUT). The SUT is levied on the final purchase price of tangible personal items, with a number of specified exemptions. The SUT has two rate components: one state and one local. The state SUT rate is currently 6.25 percent, of which 1 percent is distributed to local governments. The local SUT rate currently varies between 1 percent and 2.5 percent, depending on the local jurisdiction in which the tax is levied. Thus, the overall rate in California varies from 7.25 percent to 8.75 percent. In addition, the state collects an annual VLF on motor vehicles. Most of these VLF revenues are distributed to cities and counties. Currently, the VLF rate is equal to 0.65 percent of a motor vehicle's depreciated purchase price.

Proposal

Authority to Sell GO Bonds. This measure allows the state to sell $5 billion in GO bonds for various renewable energy, alternative fuel, energy efficiency, and air emissions reduction purposes. Figure 1 summarizes the definitions of key terms used in the measure.

Figure 1
Key Terms as Defined in Proposition 10

Clean Alternative Fuel. Natural gas or any fuel that achieves at least a 10-percent reduction in carbon emissions when compared to conventional petroleum-based fuels.
Clean Alternative Fuel Vehicle. Generally, a vehicle powered by a clean alternative fuel.
Dedicated Clean Alternative Fuel Vehicle. A vehicle powered exclusively by specified clean alternative fuels—biomethane, electricity, hydrogen, natural gas, propane, or any combination thereof.
High Fuel Economy Vehicle. A light-duty on-road vehicle (weighing less than 8,500 poundsa) that can achieve a fuel economy of 45 miles per gallon for highway use.
Very High Fuel Economy Vehicle. A light-duty on-road vehicle (weighing less than 8,500 poundsa) that can achieve a fuel economy of 60 miles per gallon for highway use.

a Currently, the average light-duty passenger vehicle weighs less than 4,500 pounds.

For more information regarding GO bonds, please refer to the section of this ballot pamphlet entitled "An Overview of State Bond Debt."

Figure 2 summarizes the available uses of the bond money, which primarily would (1) provide $3.4 billion for financial incentives to reduce the cost to purchase or lease high fuel economy vehicles and dedicated clean alternative fuel vehicles (primarily rebates for trucks and other medium- and heavy-duty vehicles), and (2) $1.6 billion to fund research, design, development, and deployment of renewable electricity generating technology. The measure allocates the bond funds among four accounts, as shown in Figure 2.

Figure 2
Proposition 10
Uses of Bond Funds

Amounts (In Millions)		
Clean Alternative Fuels Account		$3,425
Rebates—Ranging from $2,000 to $50,000 per rebate.	$2,875	
• High Fuel Economy Vehicles.	($110)	
• Very High Fuel Economy Vehicles.	(230)	
• Dedicated Clean Alternative Fuel Vehicles:		
—Light-duty vehicles weighing less than 8,500 pounds.[a]	(550)	
— Light-medium-duty vehicles weighing between 8,500 and 13,999 pounds.	(310)	
—Heavy-medium-duty vehicles weighing between 14,000 and 24,999 pounds.	(650)	
—Heavy-duty vehicles weighing 25,000 pounds or more.	(1,000)	
• Home refueling station rebates ($2,000 per rebate).	(25)	
Financial incentives—Research, development, and demonstration of alternative-fuel and high-efficiency vehicles, and alternative fuels.[b]	$550	
Solar, Wind, and Renewable Energy Account		$1,250
Financial incentives—Research, design, development, construction, and production of electric generation technology that reduces generation cost and greenhouse gas emissions.[b,c]	$1,000	
Financial incentives—Equipment to produce electricity from renewable resources.[b]	250	
Demonstration Projects and Public Education Account		$200
Grants to local governments—Construction and operation of alternative and renewable energy demonstration projects.	$200	
Education, Training, and Outreach Account		$125
Grants to public universities and colleges—Staff development, training, research, and tuition assistance for alternative fuel and clean energy technology commercialization (making the new technology ready for sale in the commercial market) and workforce development. At least $25 million for	$125	

outreach and public education.	
Total	$5,000

a. Currently, the average light-duty passenger vehicle weighs less than 4,500 pounds.
b. Financial incentives could include low-interest loans, loan guarantees, and grants.
c. At least 80 percent of the funds ($800 million) must support financial incentives for solar technology.

State Agency Administration of Bond Funds. The measure designates various state agencies to administer different components of the measure. Specifically, the State Board of Equalization (BOE) would administer the alternative-fuel vehicle rebates, the Air Resources Board would administer the incentives for alternative-fuel research and development, and the California Energy Resources Conservation and Development Commission would administer the renewable energy incentives and the monies available for grants to local governments and public higher education institutions. Regarding BOE's administration of the rebates, the measure provides that BOE shall calculate the SUT applicable to the sale or lease of a vehicle at the pre-rebate purchase or lease price.

The measure requires each state administering agency to adopt program milestones, provide for annual independent audits, issue annual progress reports, and establish procedures for oversight of the awarding of incentives. The measure also requires that the monies allocated to each bond account be spent within ten years, with reasonable efforts to be made to spend the monies for alternative-fuel vehicle rebates within five years.

Finally, the measure specifies that not more than 1 percent of the funds in each account established by the measure may be used to pay for program administration.

Fiscal Effect

Bond Costs. The cost of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. The state would likely make principal and interest payments from the state's General Fund over a period of 30 years. If the bonds were sold at an average interest rate of about 5 percent, the cost would be about $10 billion to pay off both the principal ($5 billion) and interest ($5 billion). The average payment would be about $335 million per year.

Impact on State Sales Tax Revenues. The measure provides $2.9 billion for a variety of vehicle-related rebates. The rebates are designed to encourage the purchase or lease of vehicles that, presumably, are more expensive than the vehicles that consumers (individuals and businesses) would purchase or lease in the absence of the rebates. To the extent the rebates result in individuals and/or businesses purchasing or leasing vehicles that are more expensive than those that they would otherwise purchase or lease, state sales tax revenues would increase. In addition, consistent with the experience with other vehicle rebate programs in California, retailers may adjust the sales price upwards to account for the individuals and/or businesses being eligible for a rebate. Such an increase in the sales prices of these products would result in an increase in state sales tax revenues. Finally, rebates will result in lower out-of-pocket expenses for some

individuals and/or businesses purchasing or leasing vehicles. If these individuals and/or businesses spend any of these savings on other taxable purchases, this will result in increased SUT revenues.

While the exact amount of increased sales tax revenue that would result from the measure would depend on the quantity and actual selling price of vehicles purchased or leased and other behavioral effects in response to the rebates, we estimate that the amount is potentially in the tens of millions of dollars from 2009 to about 2019.

Impact on Local Revenues. The bond-funded incentive programs under the measure would result in the following two effects on local revenues:

Increased Local Sales Tax Revenues. As with the measure's impact on state sales tax revenues discussed above, depending on the quantity and actual selling price of vehicles purchased or leased in response to the rebates, the measure would result in increased sales tax revenues to local governments, potentially in the low tens of millions of dollars from 2009 to about 2019.

Increased Local VLF Revenues. As stated above, the measure could result in individuals and/or businesses purchasing or leasing vehicles that are more expensive than those they would otherwise purchase or lease. To the extent that the measure results in the purchase or lease of more expensive vehicles than would otherwise be purchased or leased, it would lead to increased local VLF revenues. While the exact amount of any such VLF revenue increase would depend upon the quantity and actual selling price of any vehicles purchased or leased as a result of the rebates offered by the measure, we estimate the increase in VLF revenues to be potentially in the millions of dollars from 2009 to about 2019.

State Administrative Costs to Implement the Measure. The measure's 1-percent limit on administrative costs may leave the various state departments with insufficient funds to implement the programs consistent with the provisions of the proposition. To the extent the measure fails to provide adequate funding for its administration, other state funds may face pressure, potentially averaging up to about $10 million annually, to fund implementation of the measure through about 2018-19.

Proposition 11

REDISTRICTING. CONSTITUTIONAL AMENDMENT AND STATUTE.

Background

Every ten years, the federal census counts the number of people living in California. The California Constitution requires the Legislature after each census to adjust the boundaries of the districts used to elect public officials. This process is called "redistricting." Redistricting affects districts for the state Legislature (Assembly and Senate), State Board of Equalization (BOE), and the U.S. House of Representatives. The primary purpose of redistricting is to establish districts which are "reasonably equal" in

population. Typically, redistricting plans are included in legislation and become law after passage of the bill by the Legislature and signature by the Governor.

Proposal

This measure amends the California Constitution to change the redistricting process for the state Legislature, BOE, and California members of the U.S. House of Representatives, beginning with the 2010 census.

U.S. House of Representatives Districts

The measure maintains the Legislature's role in drawing districts for the U.S. House of Representatives. The measure imposes additional requirements that the Legislature must consider when drawing these districts. Among the new requirements is that the Legislature maintain neighborhoods and "communities of interest" within one district to the extent possible. (The term communities of interest is not defined by the measure.) Figure 1 compares the requirements under the measure and current law.

Figure 1
Key Requirements for Drawing Political Districts

	Current Law For All Districts	Proposition 11	
		U.S. House of Representatives Districts	Legislative and Board of Equalization Districts
Develop reasonably equal populations of districts	X	X	X
Comply with federal Voting Rights Act	X	X	X
Minimize the splitting of counties and cities into multiple districtsa	X	X	X
Maintain "communities of interest" and neighborhoodsa	—	X	X
Develop geographically compact districtsa	—	X	X
Comprise Senate districts of two adjacent Assembly districts and BOE districts of ten adjacent Senate districts.[a]	—	—	X
Do not favor or discriminate against political incumbents, candidates, or parties.	—	—	X

a. To the extent possible without conflicting with other criteria.

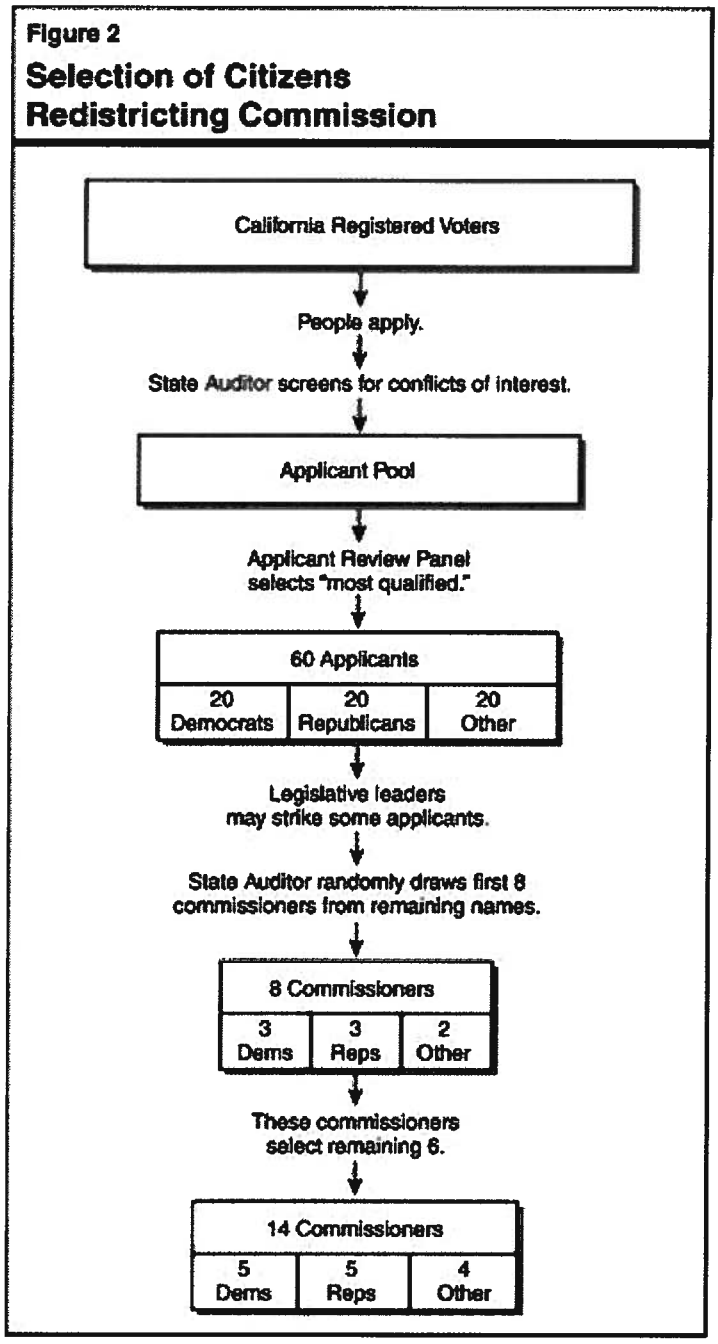
Legislative and BOE Districts

The measure shifts the responsibility for developing redistricting plans for legislative and BOE districts from the Legislature to a new Citizens Redistricting Commission. The measure imposes a number of requirements for the selection of commissioners and their drawing of district boundaries, as described below.

Selection of Commissioners. The measure establishes a process to select the 14 members to serve on the commission. Figure 2 summarizes this process. A registered voter in the state could apply to be a commissioner. The State Auditor, however, would remove applicants from the pool based on various conflicts of interest. For instance, applicants—or an immediate relative—in the past ten years could not have:

- Been a political candidate for state or federal office.
- Been a lobbyist.
- Contributed $2,000 or more in any year to a political candidate.

In addition, applicants could not have changed their political party affiliation in the past five years. Applicants also must have voted in at least two of the last three general elections.



An Applicant Review Panel, comprised of three auditors employed by the state, would narrow the applicants down to 60. The panel would pick the most qualified applicants based on analytic skill, impartiality, and appreciation of California's diversity. The leaders of the Legislature could strike up to 24 of these names. From the remaining names, the State Auditor would then randomly draw the first eight commissioners. These eight commissioners would select the final six commissioners. The commission would have five members registered with each of the state's two largest political parties (Democrat and Republican) and four members registered with other parties or as independent voters.

Requirements of District Boundaries. The measure adds new requirements regarding the drawing of district boundaries by the commission for legislative and BOE districts. These requirements are similar to the measure's new requirements for U.S. House of Representatives districts, as shown in Figure 1. For legislative and BOE districts, the measure also forbids the commission from drawing districts for the purpose of favoring or discriminating against political incumbents, candidates, or parties.

Approval Process. In developing a plan, the commission would have to hold public hearings and accept public comment. To approve a redistricting plan, the commission would need at least nine yes votes, including at least three yes votes each from members registered with the two largest political parties and three yes votes from the other members. Once the commission approved a redistricting plan, it would be used for the next decade. The process would be repeated every ten years, with a new 14-member commission for each future redistricting.

Funding. Commission members would receive $300 per day, plus reimbursed expenses, in return for their work on the commission. The measure specifies that the Governor and Legislature must make funding available in the state budget to support the selection of the commission, its work, and related costs. Funding would be established at the greater of $3 million or the amount spent in the previous redistricting cycle, adjusted for inflation. (The Legislature spent about $3 million in 2001 from its own budget, which is limited under the California Constitution, to adjust boundaries for all districts.) These funds could be used to establish the application review process, communicate with the public, compensate commissioners, and employ legal and other experts in the field of redistricting.

Fiscal Effects

Under this measure, the Legislature would continue to incur expenses to perform redistricting for U.S. House of Representatives districts. In addition, this measure authorizes funding (outside of the Legislature's budget) for redistricting efforts related to legislative and BOE districts to be performed by the citizens commission. We estimate that the minimum amount required for 2010 would be about $4 million (the 2001 amount spent on redistricting adjusted for estimated inflation through 2010). Having two entities—the Legislature and the commission—perform redistricting could tend to increase overall redistricting expenditures. Any increase in such redistricting costs, however, probably would not be significant.

Proposition 12

SB 1572 (CHAPTER 122, STATUTES OF 2008 [WYLAND]). VETERANS' BOND ACT OF 2008.

Background

Since 1921, the voters have approved a total of about $8.4 billion of general obligation bond sales to finance the veterans' farm and home purchase (Cal-Vet) program. As of

July 2008, there was about $102 million remaining from these funds that will be used to support new loans.

The money from these bond sales is used by the State Department of Veterans Affairs to purchase farms, homes, and mobile homes which are then resold to California veterans. Each participating veteran makes monthly payments to the department. These payments are in an amount sufficient to (1) reimburse the department for its costs in purchasing the farm, home, or mobile home; (2) cover all costs resulting from the sale of the bonds, including interest; and (3) cover the costs of operating the program.

Proposal

This measure authorizes the state to sell $900 million in general obligation bonds for the Cal-Vet program. These bonds would provide sufficient funds for at least 3,600 additional veterans to receive loans. For more information regarding general obligation bonds, please refer to the section of this ballot pamphlet entitled "An Overview of State Bond Debt."

Fiscal Effect

The bonds authorized by this measure would be paid off over a period of about 30 years. If the $900 million in bonds were sold at an interest rate of 5 percent, the cost would be about $1.8 billion to pay off both the principal ($900 million) and the interest ($856 million). The average payment for principal and interest would be about $59 million per year.

Throughout its history, the Cal-Vet program has been totally supported by the participating veterans, at no direct cost to the taxpayer. However, because general obligation bonds are backed by the state, if the payments made by those veterans participating in the program do not fully cover the amount owed on the bonds, the state's taxpayers would pay the difference.