

CA Ballot Initiatives: What are they and what do they mean?

Topics @ Ten
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PROPOSITION 30: TEMPORARY TAXES TO FUND EDUCATION. GUARANTEED LOCAL PUBLIC SAFETY FUNDING.

Figure 1

Overview of Proposition 30

State Taxes and Revenues

- Increases sales tax rate by one-quarter cent for every dollar for four years.
- Increases personal income tax rates on upper-income taxpayers for seven years.
- Raises about \$6 billion in additional annual state revenues from 2012-13 through 2016-17, with smaller amounts in 2011-12, 2017-18, and 2018-19.

State Spending

- If approved by voters, additional revenues available to help balance state budget through 2018-19.
- If rejected by voters, 2012-13 budget reduced by \$6 billion. State revenues lower through 2018-19.

Local Government Programs

- Guarantees local governments receive tax revenues annually to fund program responsibilities transferred to them by the state in 2011.

Proposition	Donations in favor	Donations against
Proposition 30	\$61,800,000	\$52,800,000

Figure 2**Current and Proposed Personal Income Tax Rates Under Proposition 30**

Single Filer's Taxable Income ^a	Joint Filers' Taxable Income ^a	Head-of-Household Filer's Taxable Income ^a	Current Marginal Tax Rate ^b	Proposed Additional Marginal Tax Rate ^b
\$0-\$7,316	\$0-\$14,632	\$0-\$14,642	1.0%	—
7,316-17,346	14,632-34,692	14,642-34,692	2.0	—
17,346-27,377	34,692-54,754	34,692-44,721	4.0	—
27,377-38,004	54,754-76,008	44,721-55,348	6.0	—
38,004-48,029	76,008-96,058	55,348-65,376	8.0	—
48,029-250,000	96,058-500,000	65,376-340,000	9.3	—
250,000-300,000	500,000-600,000	340,000-408,000	9.3	1.0%
300,000-500,000	600,000-1,000,000	408,000-680,000	9.3	2.0
Over 500,000	Over 1,000,000	Over 680,000	9.3	3.0

^a Income brackets shown were in effect for 2011 and will be adjusted for inflation in future years. Single filers also include married individuals and registered domestic partners (RDPs) who file taxes separately. Joint filers include married and RDP couples who file jointly, as well as qualified widows or widowers with a dependent child.

^b Marginal tax rates apply to taxable income in each tax bracket listed. The proposed additional tax rates would take effect beginning in 2012 and end in 2018. Current tax rates listed exclude the mental health tax rate of 1 percent for taxable income in excess of \$1 million.

Figure 3
2012-13 Spending Reductions if
Voters Reject Proposition 30

(In Millions)

Schools and community colleges	\$5,354
University of California	250
California State University	250
Department of Developmental Services	50
City police department grants	20
CalFire	10
DWR flood control programs	7
Local water safety patrol grants	5
Department of Fish and Game	4
Department of Parks and Recreation	2
DOJ law enforcement programs	1
Total	\$5,951

DWR = Department of Water Resources; DOJ = Department of Justice.

PROPOSITION 38: TAX TO FUND EDUCATION AND EARLY CHILDHOOD PROGRAMS.

INITIATIVE STATUTE.

- Increases personal income tax rates on annual earnings over \$7,316 using sliding scale from .4% for lowest individual earners to 2.2% for individuals earning over \$2.5 million, for twelve years. During first four years, allocates:
 - 60% of revenues to K–12 schools,
 - 30% to repaying state debt, and
 - 10% to early childhood programs.
- Thereafter, allocates 85% of revenues to K–12 schools, 15% to early childhood programs.
- Provides K–12 funds on school-specific, per-pupil basis, subject to local control, audits, and public input.
- Prohibits state from directing new funds.

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

- Increase in state personal income tax revenues from 2013 through 2024. The increase would be roughly \$10 billion in 2013–14, tending to increase over time. The 2012–13 increase would be about half this amount.
- In each of the initial years, about \$6 billion would be used for schools, \$1 billion for child care and preschool, and \$3 billion for state savings on debt payments. The 2013–14 amounts likely would be higher due to the additional distribution of funds raised in 2012–13.
- From 2017–18 through 2024–25, the shares spent on schools, child care, and preschool could be higher and the share spent on debt payments lower.

Proposition	Donations in favor	Donations against
Proposition 38	47,800,000	42,300

Figure 1**Current and Proposed Personal Income Tax Rates Under Proposition 38**

Single Filer's Taxable Income ^a	Joint Filers' Taxable Income ^a	Head-of-Household Filer's Taxable Income ^a	Current Marginal Tax Rate ^b	Proposed Additional Marginal Tax Rate ^b
\$0-\$7,316	\$0-\$14,632	\$0-\$14,642	1.0%	—
7,316-17,346	14,632-34,692	14,642-34,692	2.0	0.4%
17,346-27,377	34,692-54,754	34,692-44,721	4.0	0.7
27,377-38,004	54,754-76,008	44,721-55,348	6.0	1.1
38,004-48,029	76,008-96,058	55,348-65,376	8.0	1.4
48,029-100,000	96,058-200,000	65,376-136,118	9.3	1.6
100,000-250,000	200,000-500,000	136,118-340,294	9.3	1.8
250,000-500,000	500,000-1,000,000	340,294-680,589	9.3	1.9
500,000-1,000,000	1,000,000-2,000,000	680,589-1,361,178	9.3	2.0
1,000,000-2,500,000	2,000,000-5,000,000	1,361,178-3,402,944	9.3	2.1
Over 2,500,000	Over 5,000,000	Over 3,402,944	9.3	2.2

^a Income brackets shown were in effect for 2011 and will be adjusted for inflation in future years. Single filers also include married individuals and registered domestic partners (RDPs) who file taxes separately. Joint filers include married and RDP couples who file jointly, as well as qualified widows or widowers with a dependent child.

^b Marginal tax rates apply to taxable income in each tax bracket listed. For example, a single tax filer with taxable income of \$15,000 could have had a 2011 tax liability under current tax rates of \$227: the sum of \$73 (which equals 1 percent of the filer's first \$7,316 of income) and \$154 (2 percent of the filer's income over \$7,316). This tax liability would be reduced—and potentially eliminated—by personal, dependent, senior, and other tax credits, among other factors. The proposed additional tax rates would take effect beginning in 2013 and end in 2024. Current tax rates listed exclude the mental health tax rate of 1 percent for taxable income in excess of \$1 million.

Figure 2

Allocation of Revenues Raised by Proposition 38

	2013-14 and 2014-15	2015-16 and 2016-17	2017-18 Through 2023-24
Schools	60%	60%	85%
Early Care and Education (ECE)	10	10	15
State debt payments	30	30 ^a	— ^a
Totals	100%	100%	100%
Growth limit on allocations to schools and ECE programs ^a	No	Yes	Yes

^a Reflects minimum share dedicated to state debt payments. Revenues beyond growth limit also would be used to make debt payments.

Figure 3

Proposition 38's Early Care and Education (ECE) Provisions

Purpose/Description	Percent of ECE Funding ^a
“Restoration and System Improvement”	
Program Restorations —Partially restores state budget reductions made to existing subsidized ECE programs since 2008-09. Restorations would include serving more children, increasing how much a family can earn and still be eligible for benefits, and increasing state per-child payment rates.	19.4%
Rating System —Establishes system to assess and publicly rate ECE programs based on how they contribute to children’s social/emotional development and academic preparation.	2.6
ECE Database —Establishes statewide database to collect and maintain information about children who attend state-funded ECE programs. Would include details about a child’s ECE program as well as his/her performance on a kindergarten readiness assessment. Would be linked to state’s K-12 database.	0.6
Licensing Inspections —Increases how frequently ECE programs receive health and safety inspections from the state licensing agency.	0.3
Subtotal	<hr style="width: 100%; border: 0.5px solid black;"/> (23.0%)
“Strengthen and Expand ECE Programs”	
Services for Children Ages Three to Five —Expands subsidized preschool to more children from low-income families, prioritizing services in low-income neighborhoods.	51.6%
Services for Children Ages Birth to Three —Establishes new California Early Head Start program to provide child care and family support for young children from low-income families.	16.6
Provider Payment Rates —Provides supplemental per-child payments to state-subsidized ECE programs that receive higher scores on new rating scale, with most funding targeted for preschool programs. Also increases the existing per-child payment rate for all licensed state-subsidized ECE programs serving children ages birth to 18 months.	8.9
Subtotal	<hr style="width: 100%; border: 0.5px solid black;"/> (77.0% ^b)
Total	100.0%
<p>^a Because the amount dedicated to restoration and system improvement is capped at \$355 million, a slightly lower share of funding would go toward these activities and a slightly higher share toward strengthening and expanding ECE programs when the measure’s debt service payments cease in 2017-18.</p>	
<p>^b Not more than 3 percent of these funds can be used for state-level administrative costs. Not more than 15 percent of funding allocated to ECE providers can be used for facility costs.</p>	

PROPOSITION 31: STATE BUDGET. STATE AND LOCAL GOVERNMENT.

Figure 1

Major Provisions of Proposition 31

- ✓ **Authorizes and Funds Local Government Plans**
 - Transfers some state revenues to counties in which local governments implement plans to coordinate their public services.
 - Allows these local governments to develop their own procedures for administering state-funded programs.
 - Allows these local governments to transfer local property taxes among themselves.

- ✓ **Restricts Legislature’s Ability to Pass Certain Bills**
 - Restricts the Legislature’s ability to pass certain bills that increase state costs or decrease revenues unless new funding sources and/or spending reductions are identified.
 - Exempts various types of bills from the above requirement.
 - Requires almost all bills and amendments to be available to the public at least three days before legislative approval.

- ✓ **Expands Governor’s Ability to Reduce State Spending**
 - Allows the Governor to reduce spending during state fiscal emergencies in certain situations.

- ✓ **Changes Public Budgeting and Oversight Procedures**
 - Changes the annual state budget process to a two-year state budget process.
 - Requires the Legislature to set aside part of each two-year session for legislative oversight of public programs.
 - Requires state and local governments to evaluate the effectiveness of programs and describe how their budgets meet various objectives.

Proposition	Donations in favor	Donations against
Proposition 31	4,400,000	395,000

Figure 2

Major Fiscal Effects of Proposition 31

	State Government	Local Government
Authorizes and Funds Local Government Plans		
Funding for plans	\$200 million annual reduction in revenues.	\$200 million annual increase in revenues to local governments in counties that develop plans.
Effects of the new plans	Cannot be predicted, but potentially significant.	Cannot be predicted, but potentially significant in some counties.
Restricts Legislature's Ability to Pass Certain Bills	Potentially lower spending—or higher revenues—based on future actions of the Legislature.	Potential changes in state funding for local programs based on future actions of the Legislature.
Expands Governor's Ability to Reduce State Spending	Potentially lower spending in some years.	Potentially less state funding for local programs in some years.
Changes Public Budgeting and Oversight Procedures		
Implementation costs	Potentially millions to tens of millions of dollars annually, moderating over time.	Potentially millions to tens of millions of dollars annually, moderating over time.
Effects of new requirements	Cannot be predicted.	Cannot be predicted.

PROPOSITION 32: POLITICAL CONTRIBUTIONS BY PAYROLL DEDUCTION. CONTRIBUTIONS TO CANDIDATES.

INITIATIVE STATUTE.

- Prohibits unions from using payroll-deducted funds for political purposes. Applies same use prohibition to payroll deductions, if any, by corporations or government contractors.
- Permits voluntary employee contributions to employer-sponsored committee or union if authorized yearly, in writing.
- Prohibits unions and corporations from contributing directly or indirectly to candidates and candidate- controlled committees.
- Other political expenditures remain unrestricted, including corporate expenditures from available resources not limited by payroll deduction prohibition.
- Prohibits government contractor contributions to elected officers or officer-controlled committees.

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

- Increased costs to state and local government—potentially exceeding \$1 million annually—to implement and enforce the measure’s requirements.

Proposition	Donations in favor	Donations against
Proposition 32	59,400,000	68,800,000

PROPOSITION 33: AUTO INSURANCE COMPANIES. PRICES BASED ON DRIVER'S HISTORY OF INSURANCE COVERAGE. INITIATIVE STATUTE.

INITIATIVE STATUTE.

- Changes current law to allow insurance companies to set prices based on whether the driver previously carried auto insurance with any insurance company.
- Allows insurance companies to give proportional discounts to drivers with some history of prior insurance coverage.
- Will allow insurance companies to increase cost of insurance to drivers who have not maintained continuous coverage.
- Treats drivers with lapse as continuously covered if lapse is due to military service or loss of employment, or if lapse is less than 90 days.

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

- Probably no significant fiscal effect on state insurance premium tax revenues.

Proposition	Donations in favor	Donations against
Proposition 33	16,600,000	222,800

PROPOSITION 34: DEATH PENALTY.

DEATH PENALTY. INITIATIVE STATUTE.

- Repeals death penalty as maximum punishment for persons found guilty of murder and replaces it with life imprisonment without possibility of parole.
- Applies retroactively to persons already sentenced to death.
- States that persons found guilty of murder must work while in prison as prescribed by the Department of Corrections and Rehabilitation, with their wages subject to deductions to be applied to any victim restitution fines or orders against them.
- Directs \$100 million to law enforcement agencies for investigations of homicide and rape cases.

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

- State and county savings related to murder trials, death penalty appeals, and corrections of about \$100 million annually in the first few years, growing to about \$130 million annually thereafter. This estimate could be higher or lower by tens of millions of dollars, largely depending on how the measure is implemented and the rate at which offenders would otherwise be sentenced to death and executed in the future.
- One-time state costs totaling \$100 million for grants to local law enforcement agencies to be paid over the next four years.

Proposition	Donations in favor	Donations against
Proposition 34	7,000,000	359,000

PROPOSITION 35: HUMAN TRAFFICKING. PENALTIES.

INITIATIVE STATUTE.

- Increases criminal penalties for human trafficking, including prison sentences up to 15-years-to-life and fines up to \$1,500,000.
- Fines collected to be used for victim services and law enforcement.
- Requires person convicted of trafficking to register as sex offender.
- Requires sex offenders to provide information regarding Internet access and identities they use in online activities.
- Prohibits evidence that victim engaged in sexual conduct from being used against victim in court proceedings.
- Requires human trafficking training for police officers.

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

- Increased costs, not likely to exceed a couple million dollars annually, to state and local governments for criminal justice activities related to the prosecution and incarceration of human trafficking offenders.
- Potential one-time local government costs of up to a few million dollars on a statewide basis, and lesser additional costs incurred each year, due to new mandatory human trafficking-related training requirements for law enforcement officers.
- Potential additional revenue from new criminal fines, likely a few million dollars annually, which would fund services for human trafficking victims and for law enforcement activities related to human trafficking.

Proposition	Donations in favor	Donations against
Proposition 35	3,500,000	0

Figure 1

**Measure Increases Maximum Criminal Penalties
For Human Trafficking**

	Current Law	Proposition 35
Prison Sentence^a		
Labor trafficking	5 years	12 years
Sex trafficking of an adult, forced	5 years	20 years
Sex trafficking of a minor without force	None ^b	12 years
Sex trafficking of a minor, forced	8 years	Life term
Sentence Enhancement^a		
Great bodily injury	6 years	10 years
Prior human trafficking offense	None	5 years per prior conviction
Fines		
	Up to \$100,000 for sex trafficking a minor	Up to \$1.5 million for all human trafficking offenses

^a Actual penalty includes a range of years.

^b Activities considered under the measure as sex trafficking of minors without force are illegal under current law but not defined as human trafficking. The penalties for these crimes vary.

PROPOSITION 36: THREE STRIKES LAW. REPEAT FELONY OFFENDERS. PENALTIES.

INITIATIVE STATUTE.

- Revises three strikes law to impose life sentence only when new felony conviction is serious or violent.
- Authorizes re-sentencing for offenders currently serving life sentences if third strike conviction was not serious or violent and judge determines sentence does not pose unreasonable risk to public safety.
- Continues to impose life sentence penalty if third strike conviction was for certain nonserious, non-violent sex or drug offenses or involved firearm possession.
- Maintains life sentence penalty for felons with nonserious, non-violent third strike if prior convictions were for rape, murder, or child molestation.

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

- State savings related to prison and parole operations of \$70 million annually on an ongoing basis, with even higher savings—up to \$90 million annually—over the next couple of decades. These estimates could be higher or lower by tens of millions of dollars depending on future state actions.
- One-time state and county costs of a few million dollars over the next couple of years for court activities related to the resentencing of certain offenders.

Proposition	Donations in favor	Donations against
Proposition 36	2,600,000	118,700

PROPOSITION 37: GENETICALLY ENGINEERED FOODS. LABELING.

INITIATIVE STATUTE.

- Requires labeling on raw or processed food offered for sale to consumers if made from plants or animals with genetic material changed in specified ways.
- Prohibits labeling or advertising such food, or other processed food, as “natural.”
- Exempts foods that are: certified organic; unintentionally produced with genetically engineered material; made from animals fed or injected with genetically engineered material but not genetically engineered themselves; processed with or containing only small amounts of genetically engineered ingredients; administered for treatment of medical conditions; sold for immediate consumption such as in a restaurant; or alcoholic beverages.

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

- Increased annual state costs ranging from a few hundred thousand dollars to over \$1 million to regulate the labeling of genetically engineered foods.
- Potential, but likely not significant, costs to state and local governments due to litigation resulting from possible violations of the requirements of this measure. Some of these costs would be supported by court filing fees that the parties involved in each legal case would be required to pay under existing law.

Proposition	Donations in favor	Donations against
Proposition 37	7,300,000	41,300,000

PROPOSITION 39: TAX TREATMENT FOR MULTISTATE BUSINESSES. CLEAN ENERGY AND ENERGY EFFICIENCY FUNDING.

INITIATIVE STATUTE.

- Requires multistate businesses to calculate their California income tax liability based on the percentage of their sales in California.
- Repeals existing law giving multistate businesses an option to choose a tax liability formula that provides favorable tax treatment for businesses with property and payroll outside California.
- Dedicates \$550 million annually for five years from anticipated increase in revenue for the purpose of funding projects that create energy efficiency and clean energy jobs in California.

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

- Approximately \$1 billion in additional annual state revenues—growing over time—from eliminating the ability of multistate businesses to choose how their California taxable income is determined. This would result in some multistate businesses paying more state taxes.
- Of the revenue raised by this measure over the next five years, about half would be dedicated to energy efficiency and alternative energy projects.
- Of the remaining revenues, a significant portion likely would be spent on public schools and community colleges.

Proposition	Donations in favor	Donations against
Proposition 39	30,100,000	45,000

PROPOSITION 40: REDISTRICTING. STATE SENATE DISTRICTS.

REFERENDUM.

- A “Yes” vote approves, and a “No” vote rejects, new State Senate districts drawn by the Citizens Redistricting Commission.
- If the new districts are rejected, the State Senate district boundary lines will be adjusted by officials supervised by the California Supreme Court.
- State Senate districts are revised every 10 years following the federal census.

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

- If the voters vote “yes” and approve the state Senate district maps certified by the Citizens Redistricting Commission, there would be no fiscal effect on state or local governments.
- If the voters vote “no” and reject the state Senate district maps certified by the Citizens Redistricting Commission, the state would incur a one-time cost of about \$500,000 to establish new Senate districts. Counties would incur one-time costs of about \$500,000 statewide to develop new precinct maps and related election materials for the new districts.

Proposition	Donations in favor	Donations against
Proposition 40	61,900	2,200,000