



Questions & Answers About the *Local Taxpayer, Public Safety and Transportation Protection Act* for Use by Public Agencies

WHAT IS THE LOCAL TAXPAYER, PUBLIC SAFETY AND TRANSPORTATION PROTECTION ACT AND WHAT DOES IT PROPOSE TO DO?

The *Local Taxpayer, Public Safety and Transportation Protection Act* (AG Initiative #: 09-0063) is a constitutional amendment that was filed with the California Attorney General in October of 2009. The measure, which proponents are working to qualify for the November 2010 statewide ballot, would prevent the State from borrowing or redirecting funds that are currently dedicated to cities, counties and special districts in California. The measure would also prevent the state from borrowing or redirecting various gas tax revenues that currently fund state and local transportation and mass transit programs, improvements and services. According to proponents, the measure contains the following principal provisions:

- Revokes the State's ability to borrow local government property tax funds (currently authorized under Prop 1A, approved in 2004).
- Prohibits the State from borrowing Prop. 42 funds (gas tax) which voters have dedicated to state and local government transportation improvements, and mass transit programs, services and improvements.
- Prohibits the State from taking or borrowing the Highway User Tax on gasoline (HUTA), which currently funds city, county and state road, highway, transit and other transportation improvements and services.
- Prevents the State from redirecting or diverting locally levied taxes, including parcel taxes, sales taxes, utility user taxes, TOT's and other locally imposed taxes that are currently passed by local governments and/or their voters and dedicated to cities, counties and special districts.
- Prohibits the State from taking, borrowing or redirecting funding for public transit, including existing taxes on gas and "spillover" funds dedicated to the Public Transportation Account.
- Adds additional constitutional protections to prevent the State from taking redevelopment funds or shifting redevelopment funds to other state purposes.

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

PROHIBITS THE STATE FROM TAKING FUNDS USED FOR TRANSPORTATION OR LOCAL GOVERNMENT PROJECTS AND SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

Prohibits the State from shifting, taking, borrowing, or restricting the use of tax revenues dedicated by law to fund local government services, community redevelopment projects, or transportation projects and services. Prohibits the State from delaying the distribution of tax revenues for these purposes even when the Governor deems it necessary due to a severe state fiscal hardship. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Significant constraints on state authority over city, county, special district, and redevelopment agency funds. As a result, higher and more stable local resources, potentially affecting billions of dollars in some years. Commensurate reductions in state resources, resulting in major decreases in state spending and/or increases in state revenues.

WHO ARE THE OFFICIAL PROPONENTS?

The Executive Directors of the League of California Cities, the California Alliance for Jobs, and the California Transit Association are listed by the CA Attorney General's office as official proponents of the ballot measure. According to the website of the coalition supporting the measure (www.savelocalservices.com), other local government, redevelopment, labor, business, public safety, transportation and public transit organizations are also supportive.

HOW MANY SIGNATURES NEED TO BE COLLECTED TO QUALIFY FOR THE NOVEMBER BALLOT?

The Secretary of State's office says that proponents must collect 694,354 valid signatures from registered California voters to qualify for the ballot. The coalition supporting the measure claims they will collect 1.1 million signatures by mid-April to ensure qualification.

ISN'T FUNDING FOR LOCAL GOVERNMENT AND TRANSPORTATION ALREADY PROTECTED FROM STATE RAIDS?

California voters have passed several measures to prevent the State from redirecting local government and transportation funds. For example, in November 2004, 84% of California voters passed Proposition 1A, which put restrictions on the State's ability to shift or take local government revenues, including property taxes and sales taxes. That provision allowed the State to borrow a portion of local government property taxes under certain conditions. In November 2006, 77% of California voters passed a different Proposition 1A, which placed more restrictions on the state when it borrows the state sales tax on gasoline for non-transportation purposes.

Despite these and other measures, the recently-enacted State budget does continue to shift funding dedicated to local governments and transportation and transit programs and services. For instance, in this year's budget, the State:

- Borrowed approximately \$2 billion in property taxes from local governments.
- Shifted \$2.05 billion in redevelopment agency funding to schools.
- Shifted \$910 million in transit funding away from local transit agencies.
- Voted to take more than \$1 billion of the local government share of the Highway User Tax (HUTA) to repay state bond debt (the measure did not ultimately pass in the Assembly).
- Took action to eliminate the state sales tax on gasoline (Prop 42 funds) and HUTA and replace with a gasoline "fee" that would have no constitutional protection from future shifts by the legislature (the Governor ultimately vetoed this measure).
- Threatened to borrow Prop 42 transportation funds to address the State's deficit.

The Courts have ruled on separate occasions that the State's previous raids of redevelopment funds and public transit funding were illegal, yet the Legislature and Governor continue to propose similar raids of transit and redevelopment revenues.

DOES THIS MEASURE INCREASE OR DECREASE REVENUES FOR LOCAL GOVERNMENTS OR FOR TRANSPORTATION AND TRANSIT?

According to proponents, the measure only protects existing revenues that are currently dedicated to local governments and transportation and transit improvements and services. It does not dedicate any new revenues to local governments or transportation/transit.

CAN PUBLIC EMPLOYEES OR PUBLIC OFFICIALS GET INVOLVED IN THE CAMPAIGN TO PASS THIS MEASURE?

Public employees and officials (those employed by government agencies) may get involved only on their personal time, and not using any government (taxpayer funded) resources. You may campaign after work hours, on weekends, or during lunch breaks, provided no government resources (meeting room, money, computers, etc.) are used. Public employees and officials are advised to check whether their agency has adopted local rules governing campaigning.