

**To:** City of Cupertino  
City Council

**From:** Townsend Public Affairs, Inc.  
Casey Elliott, State Capitol Director

**Date:** October 6, 2020

**Subject:** Discussion to adopt a position on Proposition 16, Proposition 19, Proposition 21, Measure RR, and Measure S that are on the November 2020 General Election Ballot

**Recommended Action:** Discuss and determine whether the City will adopt a position on Proposition 16, Proposition 19, Proposition 21, Measure RR, and Measure S that are on the November 2020 General Election Ballot

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### **PROPOSITION 16**

***Allows Diversity as a Factor in Public Employment, Education, and Contracting Decisions. Legislative Constitutional Amendment***

This measure, placed on the ballot by the State Legislature through ACA 5 (Weber), would permit government decision-making policies to consider race, sex, color, ethnicity, or national origin in order to address diversity by repealing constitutional provisions prohibiting such policies.

In 1996, California voters passed Proposition 209, a constitutional amendment that generally prohibits state and local governments from discriminating against, or granting preferential treatment to, individuals or groups on the basis of race, sex, ethnicity, or national origin in the operation of public employment, education or contracting. Proposition 16 would amend the State Constitution to repeal the provisions of Proposition 209.

Proposition 16 would remove the ban on affirmative action involving race-based or sex-based preferences from the State Constitution, thereby allowing federal law to define the parameters of affirmative action. Courts have ruled that strict racial quotas and racial point systems in higher education admissions are unconstitutional, but that individualized, holistic reviews that consider race, when tailored to serve a compelling interest, are constitutional.

Proposition 16 has been endorsed by a large number of federal and state legislators, as well as locally elected officials. The measure has also been endorsed by a number of organizations, including: California Teachers Assn; California Federation of Teachers; California Labor Federation; California Nurses Assn; the ACLU of California; California State Assn of Counties; California Charter School Assn; California Black Chamber of Commerce; California Hispanic Chambers of Commerce; and, the California NAACP State Conference. In addition to these organizations, the editorial boards for the San Francisco Chronicle, the Mercury News & East Bay Times, and the Los Angeles Times have published in support of the measure.



Proposition 16 is opposed by several state and locally elected officials, as well as by many of the individuals that previously supported Proposition 209. In addition, Proposition 16 is opposed by the following organizations: American Civil Rights Institute; American Freedom Alliance; Chinese American Civic Action Alliance; and the Students for Fair Admissions.

## **PROPOSITION 19**

### ***Changes Certain Property Tax Rules. Legislative Constitutional Amendment***

This measure, placed on the ballot by the State Legislature through ACA 11 (Mullin), would allow homeowners who are over 55, disabled, or victims of wildfire or natural disaster to transfer their primary residence's property tax base value to a replacement residence of any value, anywhere in the state. An individual could use these rules up to three times in their lifetime. The measure would also limit the ability of new homeowners who inherit properties to keep their parents' or grandparents' low property tax payments. The measure would allocate most resulting state revenue to fire protection services and reimbursement to local governments for taxation-related changes.

In California, eligible homeowners can transfer their tax assessments to a different home of the same or lesser market value, which allows them to move without paying higher taxes. Homeowners who are eligible for tax assessment transfers are persons over 55 years old, persons with severe disabilities, and victims of natural disasters and hazardous waste contamination. The ballot measure would allow eligible homeowners to transfer their tax assessments anywhere within the state and allow tax assessments to be transferred to a more expensive home with an upward adjustment. The number of times that a tax assessment can be transferred would increase from one to three for persons over 55 years old or with severe disabilities (disaster and contamination victims would continue to be allowed one transfer).

Additionally, in California, parents or grandparents can transfer primary residential properties to their children or grandchildren without the property's tax assessment resetting to market value. Other types of properties, such as vacation homes and business properties, can also be transferred from parent to child or grandparent to grandchild with the first \$1 million exempt from re-assessment when transferred.

Proposition 19 would eliminate the parent-to-child and grandparent-to-grandchild exemption in cases where the child or grandchild does not use the inherited property as their principal residence, such as using a property a rental house or a second home. When the inherited property is used as the recipient's principal residence but has a market value above \$1 million, an upward adjustment in assessed value would occur. The ballot measure would also apply these rules to certain farms.

Proposition 19 has been endorsed by Governor Gavin Newsom, State Treasurer Fiona Ma, State Controller Betty Yee, and Senate President Pro Tempore Toni Atkins. Additionally, the measure is supported by a number of organizations, including: California Professional Firefighters; California Nurses Assn; California State Federation of Labor; California Statewide Law Enforcement Assn; CalAsian Chamber of Commerce; California Black Chamber of Commerce; California Forestry Assn; California NAACP State Conference; Congress of California Seniors;



California Assn of Realtors; California Business Roundtable; California Hispanic Chambers of Commerce; and Californians for Disability Rights.

Proposition 19 is opposed by the Howard Jarvis Taxpayers Association and has received opposing editorials from the Los Angeles Times; The Bakersfield Californian; Mercury News & East Bay Times; and the Orange County Register.

## **PROPOSITION 21**

### ***Expands Local Governments' Authority to Enact Rent Control on Residential Property. Initiative Statute***

Proposition 21 would replace the Costa-Hawkins Rental Housing Act, which was approved in 1995. Prior to the enactment of Costa-Hawkins, local governments were permitted to enact rent control ordinances, provided that landlords would receive just and reasonable returns on their rental properties. Costa-Hawkins continued to allow local governments to use rent control, except on housing that was first occupied after February 1, 1995; and, housing units with distinct titles, such as condos, townhouses, and single-family homes.

Proposition 21 would allow local governments to adopt rent control on housing units, except on housing that was first occupied within the last 15 years; and, units owned by people who own no more than two housing units with separate titles, such as single-family homes, condos, and some duplexes, or subdivided interests, such as stock cooperatives and community apartment projects.

Under Costa-Hawkins, landlords are allowed to increase rent prices to market rates when a tenant moves out. Proposition 21 would require local governments that adopt rent control ordinances to allow landlords to increase rental rates by up to 15 percent during the first three years following a vacancy.

Proposition 21 is supported by a number of elected officials, most notably Vermont Senator Bernie Sanders and Congresswoman Maxine Waters. Additionally, the measure is supported by the California Nurses Assn; SEIU State Council; AFSCME California; AIDS Healthcare Foundation; Eviction Defense Network; ACLU of Southern California; and the Los Angeles Tenants Union.

Proposition 21 is opposed by Governor Gavin Newsom, as well as a number of organizations, including: State Building and Construction Trades Council of California; California State Pipe Trades Council; California Conference of Carpenters; American Legion; AMVETS; California Chamber of Commerce; California Council for Affordable Housing; California Seniors Advocates League; Congress of California Seniors; California Taxpayers Assn; and the Howard Jarvis Taxpayers Assn.



## **MEASURE RR**

### ***Caltrain 1/8 Cent Sales Tax***

On August 6<sup>th</sup>, the Caltrain Board of Directors unanimously voted to place a 1/8 cent sales tax on the November 3, 2020 ballot. The ballot measure requires two-thirds voter approval across the three counties to pass.

If approved, Measure RR would add a 1/8-cent sales tax for the three counties that would last for 30 years, raising an estimated \$108 million annually to maintain and expand Caltrain's operations following the launch of electrified service in 2022. The tax measure was made possible by legislation authored by State Senator Jerry Hill, which was signed into law in 2017 (SB 797). The legislation allows the Caltrain Board of Directors to place a measure on the ballot in San Francisco, San Mateo, and Santa Clara counties, provided that the transportation agency and board of supervisors in each county concurs.

Historically, Caltrain has received more than 70% of its funding from fare box revenue, but this has been severely reduced in recent months due to ridership decline from the coronavirus pandemic. Despite not having a dedicated funding source, the system has become the seventh largest commuter railroad in the country, and the largest carrier of bikes of any American transit system. The pandemic has highlighted the need for Caltrain to establish a more diverse set of revenues to absorb the impacts of the pandemic and to grow to meet the region's demands. Many feel that dependence on fare revenue is not a reliable means of supporting a system of Caltrain's size. Prior to the pandemic, Caltrain's average weekday ridership was 65,000 passengers, but since shelter-in-place orders were issued earlier this year, Caltrain ridership has dipped significantly.

Currently, Caltrain's service is supported by Federal pandemic relief funding provided by the CARES Act, but those funds are not expected to last through the end of the year. Without new sources of funding, or a significant increase in ridership Caltrain would need to reduce or suspend service altogether.

Measure RR is supported by San Francisco Mayor London Breed, Senator Diane Feinstein, the Caltrain Board, and a number of organizations, including the Cities Association of Santa Clara County, San Francisco Transit Riders, and Seamless Bay Area. Additionally, the editorial boards of the San Francisco Chronicle and the Mercury News have published in support of Measure RR.

## **MEASURE S**

### ***Santa Clara Valley Water District Parcel Tax***

Measure S, the Safe, Clean Water and Natural Flood Protection Program, would make permanent an annual tax of \$67.67 per home, that voters approved in 2012 and is currently scheduled to expire in 2028. The permanent funding would help ensure public health and safety by protecting drinking water supply from earthquakes and climate change; reducing pollution in waterways; and providing flood protection.



The measure contains \$263 million for flood control projects, \$54 million to help with seismic upgrades to Anderson Dam, \$155 million for creek restoration and wildlife projects, \$51 million for creek clean-up projects, and \$53 million in community grants for environmental education and conservation projects.

In 2012, the current parcel tax passed with 74% of the vote. Measure S renews the Santa Clara County Water District's existing parcel tax, which averages \$.006 per square foot annually. The existing parcel tax raises approximately \$45.5 million annually for the District and provides for qualifying senior exemptions, annual audits, and an independent citizen oversight committee.

Measure S has been endorsed by the Santa Clara County Farm Bureau, San Jose Water Company, Cities Association of Santa Clara County, San Jose/Silicon Valley NAACP, and several city chambers of commerce. Supporters say that the measure is critical for the quality of life in the South Bay, as the population grows, and climate change makes weather extremes more volatile.

A coalition of environmental groups, including the Sierra Club and Santa Clara Valley Audubon Society, have raised concerns about the measure, as they wanted the District to streamline and improve its environmental grants program, dedicate more money to conservation programs, and remove funding for a new dam and reservoir that the District is hoping to build at Pacheco Pass. Additionally, opponents of Measure S, including taxpayer protection groups, believe that the District already has enough money from water rates and other taxes and should not be extending the current tax in the current economic climate.

