

Date of Hearing: April 24, 2019

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

ACA 1 (Aguiar-Curry) – As Amended March 18, 2019

Policy Committee: Local Government

Vote: 5 - 2

Urgency: State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This measure lowers the vote threshold for the approval of local general obligation (GO) bonds and certain special taxes from two-thirds to 55%. Specifically, this bill:

- 1) Lowers the necessary vote threshold from a two-thirds majority to a 55 percent majority to approve local (city, county and special district) general obligation (GO) bonds and certain special taxes for affordable housing, public infrastructure and permanent supportive housing projects, and defines those terms.
- 2) Provides specific requirements for voter protection, public notice and financial accountability by requiring a local proposition involving GO Bonds or a special tax include all of the following:
 - a) A requirement that the proceeds from the bonds or taxes be used only for the purposes specified in the ACA, and not for employee salaries or other operating expenses.
 - b) A list of specific projects to be funded and a certification that the city, county or special district has evaluated alternative funding sources.
 - c) A requirement that the city, county or special district conduct both an annual performance audit and an independent financial audit that is then posted and easily accessible to the public.
 - d) A requirement that the city, county or special district appoint a citizens' oversight committee to ensure that the proceeds of the bonds or special tax are expended only for the purposes described in the measure approved by the voters.

FISCAL EFFECT:

One-time General Fund costs to the Secretary of State (SOS) in the range of \$414,000 to \$552,000 for printing and mailing costs to place the measure on the ballot in a statewide election. Actual costs may be higher or lower, depending on the length of required elements and the overall size of the ballot.

SOS indicates that printing and mailing costs associated with placing a measure on the statewide ballot are approximately \$69,000 per page, depending on the length of the ballot. The fiscal estimates noted above reflect the addition of 6-8 pages in the Voter Information Guide. Actual

costs will depend upon the length of the title and summary, analysis by the Legislative Analyst's Office, proponent and opponent arguments, and text of the proposal.

COMMENTS:

- 1) **Purpose.** This measure seeks to help local communities increase their supply of affordable housing and address other infrastructure challenges. Lowering the vote threshold to 55% increases the opportunities for local entities to fund important projects while still requiring significant support for approval.
- 2) **Background.** The California constitution requires a two-thirds vote at the local level for both GO bonds and special taxes, regardless of how the city, county or special district proposes to use the funds. In contrast, local school districts must only achieve 55% voter approval for school bonds to fund the construction, reconstruction, rehabilitation or lease of real property vote (Proposition 39, 2000).

From 2001 to 2013, statewide, over 2,200 local revenue measures were placed before voters regarding school district, city, county or special district taxes or bonds. Roughly half of the two-thirds vote measures passed, while four out of five school bonds with a 55% threshold succeeded. From 2016 to 2018, six local GO bond measures funding public infrastructure and affordable housing that went before the voters achieved over 61% of the vote, but fell short of the necessary two-thirds required for passage. An additional seven special tax measures for similar projects achieved over 60% of the vote, but also fell short of passage. Aligning the voter threshold for local GO bonds with the existing 55 percent vote threshold for school bonds likely provides a more viable financing option for qualified projects.

- 3) **Two-Thirds Legislative Approval and Statewide Ballot Approval Requirements.** This measure requires the approval of two-thirds of the membership of each house in the Legislature and approval by a majority of voters at a statewide ballot election to ratify the changes to the constitution.
- 4) **Arguments in Support.** Supporters believe ACA 1 will level the playing field and create parity with school districts, which need 55% approval for school construction, so that cities, counties and special districts have a viable financing tool to help address important community needs.
- 5) **Arguments in Opposition.** Howard Jarvis Taxpayers Association argues that this measure "repeals one of the most important protections in Proposition 13 by lowering the two-thirds vote threshold for both local bonds and special taxes to 55% for a myriad of purposes."