



PROS & CONS

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The *Pros & Cons* is a nonpartisan explanation of state propositions, with supporting and opposing arguments. The arguments come from many sources and are not limited to those presented in the *Official Voter Information Guide*. The LWVCEF does not judge the merits of the arguments or guarantee their validity.

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General Election ★ November 6, 2012

California voters will face many decisions this election, including:

- choosing a President of the United States for the next four-year term
- electing one of two U.S. Senators to represent the state in Congress
- electing state and federal legislative representatives

California voters will also be deciding on eleven state propositions that are explained in this *Pros & Cons*. Ten of the propositions are initiatives placed on the ballot by supporters who gathered sufficient signatures and seek to make changes in state laws or the California Constitution. The eleventh measure is a referendum placed on the ballot by citizens who also gathered sufficient signatures.

Visit SmartVoter.org® to see everything on your ballot, find your polling place, and get unbiased information on all your voting choices.

How to Evaluate Ballot Propositions

- ★ Examine what the measure seeks to accomplish. Do you agree with those goals? Is the measure consistent with your ideas about government? Do you think the proposed changes will make things better?
- ★ Who are the real sponsors and opponents of the measure? Check where the money is coming from on the Voter's Edge website: votersedge.org/california/ballot-measures/2012/november
- ★ Is the measure written well? Will it create conflicts in law that may require court resolution or interpretation? Is it "good government," or will it cause more problems than it will resolve?
- ★ Does the measure create its own revenue source? Does it earmark, restrict or obligate government revenues? If so, weigh the benefit of securing funding for this measure against the cost of reducing overall flexibility in the budget.
- ★ Does the measure mandate a government program or service without addressing how it will be funded?
- ★ Does the measure deal with one issue that can be easily decided by a YES or NO vote? Or, is it a complex issue that should be thoroughly examined in the legislative arena?
- ★ If the measure amends the Constitution, consider whether it really belongs in the Constitution. Would a statute accomplish the same purpose? All constitutional amendments require voter approval: what we put into the Constitution would have to come back to the ballot to be changed.
- ★ Be wary of distortion tactics and commercials that rely on image but tell nothing of substance about the measure. Beware of half truths.

Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding.

THE QUESTION: *Should the California Constitution be amended to (a) temporarily increase sales and personal income tax rates; (b) guarantee certain revenue transfers to local governments; and (c) eliminate state funding of certain mandates to local governments?*

THE SITUATION

Temporary Taxes: The state General Fund’s three largest revenue sources are the sales tax, the personal income tax (PIT), and the corporate income tax. Prop 30’s temporary tax increases, described below, are already part of the state’s 2012-13 budget, together with mandatory spending reductions (“trigger cuts”) if it fails to pass.

Revenue Transfers: In 2011, several programs were transferred from the state to local governments, including certain prison, parole and substance abuse treatment programs, together with annual revenue transfers to local governments of approximately \$6 billion.

THE PROPOSAL

Prop 30 would increase the sales tax rate by one-quarter cent (0.25%) for calendar years 2013-2016. It would also increase the maximum 9.3% PIT rate in stages up to 12.3% (on incomes of \$500,000 for single filers, \$1,000,000 for joint filers) for calendar years 2012-2018. The existing additional 1% tax applicable to annual income over \$1 million (with the revenue dedicated to mental health services) would continue to apply. The new revenues would provide generally unrestricted K-14 educational funding, and also benefit the General Fund.

Prop 30 would require that the state continue to fund the 2011 transferred programs, and that this funding be excluded from the calculation of the revenues going to schools under the Prop 98 minimum education funding guarantee.

Finally, Prop 30 would eliminate the state’s normal reimbursements to local governments for the costs of certain open and public meeting requirements of the Brown Act.

FISCAL EFFECTS

In years when both tax increases would be in effect (2012-13 through 2016-17), annual revenues would increase by approximately \$6 billion; in other years the revenues would be lower due to the phasing in/out of the tax increases. Actual revenues could fluctuate significantly from these

projections because they largely come from the PIT increases.

As noted, the 2012-13 budget already relies on the Prop 30 revenues to fund various state programs, including particularly K-14 educational funding. Prop 30’s revenues would also be available to help fund the state budgets through 2018-19. Future actions of the Legislature and the Governor would determine the specific use of these funds.

If Prop 30 fails, the 2012-13 budget plan requires that the state’s spending be reduced by \$6 billion, almost entirely in K-14 education and public universities. These reductions could result in shorter instructional years and lower community college enrollment, as well as greater deferral of Prop 98 funding for K-14 education.

It is not possible to determine the fiscal impact of the local government funding provisions, which would depend on future events.

SUPPORTERS SAY

- ★ Prop 30 is the only initiative which protects school and safety funding and addresses the state’s chronic budget mess.
- ★ Prop 30’s taxes are temporary, balanced and necessary for vital services.

OPPONENTS SAY

- ★ Prop 30 is a shell game; there are no assurances that tax increases will actually benefit classrooms.
- ★ Politicians and special interests want to continue their out-of-control spending, but not make meaningful reforms.

FOR MORE INFORMATION

Supporters: Yes on Prop. 30—to Protect our Schools and Public Safety, a broad coalition of business, labor, law enforcement, teachers and Governor Brown.
www.YesOnProp30.com

Opponents: No on 30—Californians for Reforms and Jobs, Not Taxes, a coalition of taxpayers and small businesses.
www.ReformsAndJobsNotTaxes.com

Conflicting Propositions on This Ballot

Propositions 30 and 38 contain conflicting tax-increase provisions. If both measures pass, the propositions specify the following: Prop 30 provides that, if it passes with a greater number of votes, nothing in Prop 38 would go into effect. Prop 38 provides that, if it passes with a greater number of votes, the tax-increase provisions of Prop 30, and the additional funding for the budget, would not go into effect. Any provisions of Prop 30 not related to tax increases would still go into effect.

State Budget. State and Local Government.

THE QUESTION: *Should the state Constitution and state law be amended to require government performance reviews and two-year budget cycles, to prohibit the Legislature from creating certain expenditures unless offsetting revenues or spending cuts are identified, and to make changes in certain responsibilities of local government, the Legislature and the Governor?*

THE SITUATION

Each year, the Legislature and the Governor approve that year's state budget bills, which provide for spending from the state's General Fund and other state accounts. While the Constitution does not mandate how each law is to be financed, it does require that the state's overall budget be balanced each year. The annual state budget may be passed by a simple majority in each house of the Legislature, but any tax increase requires approval by two-thirds of the members of each house.

The Governor may declare a fiscal emergency and call the Legislature into special session if he or she determines the state is facing large revenue shortfalls or spending overruns. However, the Governor's powers to cut state spending are very limited.

Largely due to decreasing state revenues, California has endured a structural budget deficit since 2007 and has the lowest credit rating of any state in the nation.

THE PROPOSAL

Among its many provisions, Prop 31 would require two-year budget cycles and performance reviews and would create measures for state and local program accountability. It would prohibit the state Legislature from passing certain bills that reduce revenues or increase expenditures by more than \$25 million annually unless offsetting revenues or spending cuts are identified. It would permit the Governor to cut the budget unilaterally during declared fiscal emergencies if the Legislature fails to act. It would create mechanisms for increased local government cooperation, transferring some state revenues to local governments with

plans to coordinate services and giving them the power to alter procedures for carrying out state statutes or regulations that would otherwise restrict their ability to coordinate services.

FISCAL EFFECTS

Prop 31's provisions relating to enhanced local government activities would likely result in decreased state revenues and commensurate increases in local revenues, probably in the range of about \$200 million annually beginning in 2013-14. The fiscal effects of other provisions of Prop 31 cannot be predicted.

SUPPORTERS SAY

- ★ Prop 31 forces politicians to finally live within their means and holds them accountable for their actions.
- ★ Prop 31 requires a real balanced budget and stops billions of dollars from being spent without public review or citizen oversight.

OPPONENTS SAY

- ★ Prop 31 is poorly written and contradictory and will lead to lawsuits and confusion instead of reform.
- ★ Prop 31 will shift \$200 million from education and other vital functions to fund experimental county programs.

FOR MORE INFORMATION

Supporters: Taxpayers for Government Accountability
www.AccountableCA.org

Opponents: Californians for Transparent and Accountable Government
(No campaign contact information was available at press time)



More information is only a mouse-click away

Visit our website, CAvotes.org, for more information about the ballot measures, answers to your questions about voting, and a wealth of information on government and public policy. You can see a list of local Leagues in your community, many of which provide ballot measure speakers and candidate forums. We encourage you to sign up and become a member, and to donate or volunteer.

Political Contributions by Payroll Deduction. Contributions to Candidates.

THE QUESTION: *Should unions, corporations, government contractors and state and local government employers be prohibited from using payroll-deducted funds, or in some instances their own funds, for political expenditures?*

THE SITUATION

California and many local governments have laws covering campaign finance and related disclosure requirements, which are applicable to state and local candidates and ballot measures, but not to federal officials. Under state campaign finance laws there are three types of political spending: (1) *political contributions*, which include giving money, goods or services directly to a candidate, at the request of a candidate, or to a committee that supports or opposes a candidate or ballot measure; (2) *independent expenditures*, which are funds spent to support or oppose a candidate or ballot measure, but not coordinated with a candidate or a committee that supports or opposes a candidate or ballot measure; (3) *other political spending*, which is spending by an organization to communicate political endorsements to its members, employees or shareholders. There are various limits imposed on political contributions, but no such limits on independent expenditures or other political spending.

Many unions use some of the funds received through payroll deductions to make contributions to state and local candidates or candidate/ballot measure committees, or to make independent expenditures in political campaigns. Other than unions, few, if any, organizations currently use payroll deductions to finance political spending in California.

THE PROPOSAL

Prop 32 would prohibit all organizations from using funds derived from payroll deductions for all political spending, including making contributions to state and local candidates or candidate/ballot measure committees, or making independent expenditures. It would also prohibit corporations and unions from making political contributions to candidates and their committees from their own funds, but would not prohibit them from contributing funds to ballot measure committees. The prohibition also would not affect

a corporation or union's ability to spend money on independent expenditures so long as the union or corporation does not do so using payroll deductions. Prop 32 also would prohibit government contractors (including public sector labor unions) from making contributions to elected officials who play a role in awarding any contracts, from the time the contract is being considered to the date the contract expires. None of the foregoing restrictions would affect campaign spending for federal offices such as President of the United States or members of Congress.

FISCAL EFFECTS

There would be increased costs to the state to investigate alleged violations of the law and to respond to requests for advice. Combined, these costs could exceed \$1 million annually.

SUPPORTERS SAY

- ★ Prop 32 prohibits money for political purposes from being deducted from employees' paychecks without their permission.
- ★ Prop 32 prohibits both corporate and union special interest contributions to politicians.

OPPONENTS SAY

- ★ 99% of California corporations don't use payroll deductions for political contributions, so Prop 32 would only affect unions.
- ★ Business Super PACs and independent expenditure committees are exempt from Prop 32's controls.

FOR MORE INFORMATION

Supporters: Yes on 32—Stop Special Interest Money Now. Supported by small business owners, farmers, educators, and taxpayers • www.YesProp32.com

Opponents: No on 32, sponsored by individuals opposed to special exemption from campaign finance rules for corporate special interests • www.VoteNoOn32.com

Auto Insurance Companies. Prices Based on Driver's History of Insurance Coverage.

THE QUESTION: *Should automobile insurance companies be permitted to offer a discount to drivers who have continuously maintained their insurance coverage, even if they change their insurance company?*

THE SITUATION

California regulation of auto insurance was established by Proposition 103 in 1988. It requires that rates and premiums be set by three factors in decreasing order of importance (1) driving safety record; (2) number of miles driven each year; and (3) number of years the insured has been driving. Proposition 103 prohibits insurance companies from using the absence of a prior insurance policy as a factor in rate-setting. Insurance companies can offer a "continuous coverage" or "loyalty" discount to customers insured by their company for a specified length of time, but are prohibited from offering this kind of discount to new customers who switch to them from other insurers.

California insurance companies pay an insurance premium tax instead of the corporation income tax; in 2011, this tax amounted to about \$500 million, paid into the state general fund.

THE PROPOSAL

Proposition 33 is similar to Proposition 17, which was defeated at the polls in June 2010. It would allow insurance companies to offer a "continuous coverage" or "loyalty" discount to new customers who switch their coverage from a different company, as long as the customers had maintained continuous coverage with their former company. Continuous coverage would still apply to those whose lapses in coverage were (a) no longer than 90 days in the past 5 years for any reason; (b) no longer than 18 months because of loss of employment due to layoff or furlough; or (c) due to active military service. Children of driving age residing with a parent could qualify for the discount based on the parent's eligibility. Drivers who were insured at

some time during the immediate past five years but do not meet the above criteria would receive a proportional discount based on the number of years during which they were insured.

FISCAL EFFECTS

The additional continuous coverage discounts could reduce the amount of premium revenue received by the state, but that would generally be made up by additional premiums paid by those not eligible for such discounts. The net impact on state insurance premium revenues probably would not be significant.

SUPPORTERS SAY

- ★ Prop 33 allows drivers to shop for a better insurance deal by continuing to receive "continuous coverage" discounts when they change insurance carriers.
- ★ Prop 33 will result in more competition between insurance companies, resulting in better insurance rates for drivers.

OPPONENTS SAY

- ★ Prop 33 will allow insurance companies to increase the cost of insurance to drivers who have not maintained continuous coverage.
- ★ Drivers with perfect driving records would pay an unfair penalty if they have not had continuous coverage in the past.

FOR MORE INFORMATION

Supporters: Yes on 33—2012 Auto Insurance Discount Act
www.YesProp33.com

Opponents: Consumer Watchdog Campaign
www.StopProp33.org

Looking for more information on the propositions?

- ★ **Official Voter Information Guide** • voterguide.sos.ca.gov
Read nonpartisan analysis, arguments for and against, and even the full text of the proposed law.
- ★ **Voter's Edge** • votersedge.org/california/ballot-measures/2012/november
Look up who is giving money to the YES and NO campaigns. Find out which campaigns have money to spend.
- ★ **SmartVoter.org** • Nonpartisan Election Information at SmartVoter.org
Type in your address for comprehensive information about everything on your ballot.

Death Penalty.

THE QUESTION: *Should the death penalty be repealed and replaced with life imprisonment without possibility of parole when someone is convicted of murder with specified special circumstances?*

THE SITUATION

Current law makes murder in the first degree punishable either by death or life without possibility of parole when special circumstances of the crime are charged and proven. Special circumstances include murder carried out for financial gain, one that was especially cruel, or one committed during other specified criminal activities. Death penalty cases are automatically appealed and often involve extensive challenges in state and federal courts, so that such proceedings can take several decades to complete for each prisoner. According to the California Legislative Analyst’s Office, 900 individuals have received death sentences since the current death penalty statute was enacted in 1978; of those, 14 have been executed, 75 have had their sentences reduced, and 83 have died in prison. Inmates under death sentence are generally handcuffed and escorted at all times when outside their cells, and are required to be placed in separate cells, whereas other prisoners share cells.

THE PROPOSAL

Prop 34 would repeal the death penalty and specify that offenders currently under a sentence of death would be resentenced to prison terms of life without possibility of parole. Prop 34 would require convicted murderers to work while in prison and have their pay deducted for any debts owed to the victims’ compensation fund. It would also establish a \$100 million “Safe California Fund” to support grants to police departments, sheriff’s departments and district attorneys’ offices to increase the rate at which homicides and rapes are solved. This fund would be in effect from 2012-13 through 2015-16 and would consist of transfers from the state General Fund.

FISCAL EFFECTS

State and county court costs and county jail costs would be reduced because court proceedings regarding sentencing

would be shorter, resulting in savings of several million dollars a year. The state would also save \$50 million a year as a result of the Supreme Court and state agencies not having to participate in death penalty appeals, and there would be savings in the low tens of millions a year in state prison costs of housing death penalty prisoners. Additional future costs of prison construction would be avoided. All in all, it is estimated that these savings would amount to \$100 million annually in the first few years, growing to about \$130 million annually thereafter. Revenue produced by these savings would go into the state General Fund, and would be offset during the first four years by the \$100 million transferred out of the General Fund and into the “SAFE” fund.

SUPPORTERS SAY

- ★ Evidence shows that more than 100 innocent people have been sentenced to death in the United States, and some have been executed.
- ★ California will save hundreds of millions of dollars if we replace the death penalty with life in prison without possibility of parole.

OPPONENTS SAY

- ★ Prop 34 takes \$100 million from the General Fund over the next four years and will result in many millions more in the future in long-term costs for housing and health care of convicted killers.
- ★ Prop 34 lets murderers who commit heinous crimes escape justice.

FOR MORE INFORMATION

Supporters: YES on 34—SAFE California Campaign
www.YesOn34.org

Opponents: Californians for Justice and Public Safety
www.WaitingForJustice.net

Choosing YES or NO on a Proposition

As a rule, a **YES** vote means that you approve of the change a proposition would make, and a **NO** vote means that you want to leave things as they are now. However, there is an exception to the rule on this ballot. Prop 40 is a referendum on the current state Senate districts. A **YES** vote on Prop 40 means that you want to retain the current districts, and a **NO** vote means that you want to reject those districts.

Human Trafficking. Penalties.

THE QUESTION: *Should the definition of human trafficking be expanded, penalties for traffickers be increased, convicted sexual traffickers be required to register as sex offenders, and additional training for law enforcement officers be required?*

THE SITUATION

Current law defines two forms of human trafficking: in one, coercion or fraud is used to obtain forced labor; in the other, it is used to induce commercial sex acts. Maximum sentences for sex trafficking vary with factors such as the age of the victim, or whether serious injury results.

Law enforcement officers doing investigative work sometimes have to determine whether a situation involves human trafficking, identify a person or persons as victims, and respond appropriately. Currently, training for such work is optional. Some departments have offered it, in some cases with federal help.

Convicted sex offenders are required to register with their local law enforcement departments. This requirement does not automatically include convicted sex traffickers.

THE PROPOSAL

Proposition 35 would significantly increase fines and prison terms for human trafficking. Examples include raising the maximum prison term for labor trafficking from five years to twelve; raising it for forced sex trafficking of an adult from five years to twenty, and for that of a child, from eight years to life. Maximum fines would rise from \$100,000 to \$1,500,000.

Prop 35 would expand the definition of sex trafficking. For example, it would include such behavior as distributing or duplicating obscene matter depicting a child; this would not require any contact between the “trafficker” and the child. Convicted sexual traffickers would be required to register as sex offenders, reporting to local law enforcement entities. They, and all registered sex offenders, would have to report detailed information about their internet access: their servers, screen names, user identities, and more.

Law enforcement officers engaged in field work or investigation would have to complete a two-hour training

course to help in identifying victims in ambiguous situations.

Some court procedures and rules of evidence would change. Evidence of involvement in sexual acts caused by human trafficking could not be used to prosecute the victim. Nor could it be used in court to challenge the victim’s credibility.

Seventy percent of revenues collected from fines imposed by Prop 35 would go to agencies and non-profit groups providing direct services to victims. Thirty percent would be used for trafficking prevention, witness protection, and rescue operations.

FISCAL EFFECTS

State and local annual costs are estimated at a couple of million dollars: longer sentences would increase prison population, and state and local costs would rise if arrests increased. Revenues would be allocated to victims’ services, and would not offset costs.

SUPPORTERS SAY

- ★ We need stronger laws to deter human traffickers and online predators from exploiting vulnerable individuals.
- ★ We need to identify victims, protect their rights, and help them access necessary services.

OPPONENTS SAY

- ★ Prop 35 is badly drafted; it could have a detrimental effect on the state budget without reducing human trafficking.
- ★ Prop 35 threatens civil rights and privacy rights.

FOR MORE INFORMATION

Supporters: Vote Yes on 35 • www.VoteYesOn35.com

Opponents: No on Prop 35 • noonprop35@gmail.com
(Opponents provided their e-mail address instead of a website)

Three Strikes Law. Repeat Felony Offenders. Penalties.

THE QUESTION: *Should California law be amended to provide that a life sentence should not be imposed for a third felony conviction unless the third conviction is for a serious or violent felony?*

THE SITUATION

There are three types of crimes: felonies, misdemeanors, and infractions. Felonies are the category with the greatest potential penalties, and further may be classified as “violent” or “serious,” or both. Examples of violent felonies include murder, robbery and rape. Other felonies, such as assault with intent to commit robbery, are defined as serious, but not violent, while some felonies, such as grand theft (without use of a firearm or possession of a controlled substance), are not classified as either violent or serious.

California's three strikes law was passed as an initiative measure (Prop 184) in 1994. It imposes a life sentence for certain repeat offenders. If a person has two or more serious or violent felony convictions, the sentence imposed for *any* third felony conviction (not just serious or violent felonies) is life imprisonment with a minimum of 25 years before the possibility of parole.

THE PROPOSAL

Prop 36 would provide that if a person with two previous serious or violent felony convictions is convicted of a third felony classified as non-serious and non-violent, the penalty for the third felony would be reduced to twice the usual term for that offense, instead of a minimum sentence of 25 years to life. A life sentence would still be imposed if either of the two previous felonies were for the most serious crimes (such as murder, attempted murder, rape, child molestation, and felonies involving use of a firearm) even if the third conviction is for a non-serious, non-violent offense.

Prop 36 would also allow previously sentenced third strikers to apply to be resentenced under the terms of Prop 36. Qualification for resentencing would largely depend on their prior history of convictions.

FISCAL EFFECTS

Savings: Estimated \$70 to \$90 million annually over the next two decades because fewer people would be incarcerated for life, and some current inmates previously convicted of a non-violent, non-serious third strike offense would qualify for sentence review and possible reduction. A significant savings would result from a reduced need for costly medical care for elderly inmates.

Costs: One-time costs of a few million dollars relating to resentencing hearings for courts, district attorneys, public defenders, and county sheriffs statewide over the first couple of years.

SUPPORTERS SAY

- ★ Prop 36 would make the punishment fit the crime and avoid the diversion of financial and law-enforcement resources in imposing life sentences on non-violent offenders.
- ★ There would be savings of potentially over \$100 million annually in the costs of housing and paying the health-care expenses of non-violent third strike offenders.

OPPONENTS SAY

- ★ Prop 36 would allow the release from prison of dangerous repeat criminals sentenced to life terms, without parole or any supervision.
- ★ The three strikes law has reduced the state's crime rate and prevented criminals from being recycled through our courts over and over again.

FOR MORE INFORMATION

Supporters: Committee for Three Strikes Reform
www.FixThreeStrikes.org

Opponents: Save Three Strikes
www.SaveThreeStrikes.com

Vote Requirement for State Propositions

Any state proposition passes if more than 50 percent of the votes cast on that proposition are **YES**.

Genetically Engineered Foods. Labeling.

THE QUESTION: *Should labeling be required on foods containing genetically modified ingredients when such foods (whether raw or processed, plant or animal) are offered for sale to consumers in California?*

THE SITUATION

According to some estimates, 40% to 70% of the foods currently for sale in California contain some genetically modified (GM) ingredients, sometimes referred to as genetically engineered (GE) ingredients or genetically modified organisms (GMO). Genetic modification changes (alters) an organism's genome, or hereditary information, in order to produce some desired change in that organism's characteristics. For example, it may improve a plant's resistance to pests, or allow it to withstand the use of pesticides.

No existing law regulates GE foods or requires food producers to identify foods produced through genetic engineering.

THE PROPOSAL

Proposition 37 would change state law to require specific kinds of disclosure regarding genetically modified foods. It would require the labeling of raw or processed food offered for sale to consumers if it is made wholly or partially from plants or animals with altered genetic material. It would also prohibit the labeling or advertising of genetically altered food as "natural." Foods made from animals that are not genetically engineered, but are given genetically engineered feed would be exempted from Prop 37. Foods sold in restaurants and alcoholic beverages would also be exempt. Foods that are certified organic are exempt from Prop 37, as they are not legally allowed to contain any genetically altered ingredients.

The State Department of Public Health, which regulates the safety and labeling of foods, would develop the regulations

necessary to put Prop 37 into effect. Any state or local official or private individual would be allowed to sue for violation of the labeling provisions.

FISCAL EFFECTS

The fiscal effects are unknown, but could potentially increase state administrative costs up to one million dollars annually to monitor compliance with the disclosure requirements specified in the measure.

SUPPORTERS SAY

- ★ Genetic engineering of plants and animals often causes unintended consequences and can lead to adverse health and/or environmental effects.
- ★ It would cost food producers very little to change their labels so that consumers could make informed decisions.

OPPONENTS SAY

- ★ The regulation would require extra monitoring of foods and would open the door to frivolous lawsuits.
- ★ Food producers unwilling or unable to modify their packaging would be forced to switch to higher-priced, non-genetically modified ingredients, potentially making food more expensive.

FOR MORE INFORMATION

Supporters: California Right To Know
www.CARightToKnow.org

Opponents: No Prop 37—Stop the Deceptive Food Labeling Scheme • www.NoProp37.com

Who can vote?

You may register to vote in California if:

- You are a U.S. citizen and California resident.
- You will be at least 18 years old on election day.
- You are not in prison or on parole for a felony.
- You have not been judged mentally incompetent.

When must you re-register to vote?

You need to fill out a new voter registration form if:

- You change your residence address or mailing address.
- You change your name.
- You want to change your political party affiliation.

If you registered and your name does not appear on the voter list at your polling place, you have a right to cast a provisional ballot at any polling place in your county.

Tax to Fund Education and Early Childhood Programs.

THE QUESTION: *Should California’s personal income tax rates be increased during 2013-24 to provide funds for public schools, early childhood education programs, and state debt payments?*

THE SITUATION

The personal income tax (PIT) is imposed on individual income, at rates from 1% to 9.3%, higher rates being charged as income increases. An additional 1% tax applies to annual incomes over \$1 million (revenue dedicated to mental health services). The PIT revenue—totaling \$49.4 billion for the 2010-11 fiscal year—goes into the state's General Fund.

California provides educational services to about 6 million public school students, served through more than 1,000 local educational agencies. Most school funding is provided through what is commonly called the Proposition 98 minimum guarantee, which totaled \$43 billion in 2010-11.

Roughly 70% of this funding goes to school district governing boards, which determine the specific activities to be funded and the distribution among individual schools. The remaining 30% must be used for specific purposes, such as meals or transportation.

Most California children attend some type of early childhood program. While many families pay to participate, public funds also subsidize some children from low-income families. Because state and federal funding is insufficient, waiting lists are common.

THE PROPOSAL

Prop 38 would increase PIT rates until 2024 on all but the lowest income bracket, impacting approximately 60% of filers. The maximum 9.3% PIT rate would be increased in stages up to 11.5% (on incomes of \$2,500,000 for single filers, \$5,000,000 for joint filers). The additional 1% tax for mental health services would continue to apply.

Prop 38 revenues would be dedicated to three purposes. In 2013-15, 60% of the funds would go to schools, 10% to early childhood programs, and 30% to state debt payments. In 2015-17, a somewhat higher share could be used for

state debt payments. After that, up to 85% of the funds would go to schools and up to 15% would go to early childhood programs, with some revenue available for state debt payments.

FISCAL EFFECTS

Initially, Prop 38 would generate approximately \$10 billion annually, and, although likely to fluctuate, this amount would tend to grow in later years. Due to these fluctuations and other uncertainties, the longer-term revenue increases are difficult to estimate.

In the initial years, school districts would receive roughly \$6 billion annually, or \$1,000 per student, for schools, low-income students, and training, technology, and teaching materials. Early childhood programs would receive roughly \$1 billion annually, largely for child care and preschool.

Until the end of 2016-17, the remaining \$3 billion would be used to make payments on the state’s general obligation debts, thus providing savings for other public programs. After that, schools would receive more as the amounts for state debt payments decrease significantly.

SUPPORTERS SAY

- ★ Prop 38 makes schools a priority again, guaranteeing funding to restore a well-rounded education.
- ★ School districts could use the funds in different ways at different schools—expenditures would be determined locally.

OPPONENTS SAY

- ★ Taxpayers would be locked into higher taxes until 2024, with virtually no accountability as to how the money is spent.
- ★ Under Prop 38, there are no requirements to improve school performance or get rid of bad teachers.

FOR MORE INFORMATION

Supporters: Yes on 38—More Money for Our Local Schools, Not Sacramento
www.OurChildrenOurFuture2012.com

Opponents: Stop the Middle Class Income Tax Hike—No on Prop. 38
www.StopTheMiddleClassTaxHike.com

Conflicting Propositions on This Ballot

Propositions 30 and 38 contain conflicting tax-increase provisions. What if both measures are approved? See the shaded box at the bottom of the Prop 30 discussion.

Tax Treatment for Multistate Businesses. Clean Energy and Energy Efficiency Funding.

THE QUESTION: *Should the California tax code be changed to require multistate firms to pay income taxes based on a percentage of their sales in California, with roughly half of the resulting tax increase to be used to fund clean/efficient energy projects for five years?*

THE SITUATION

Multistate businesses, which operate both in California and in other states or countries, pay the majority of California's corporate income taxes. Current law allows such businesses to choose the more beneficial of two tax formulas: one based on the proportion of its sales in California (the "single sales factor" formula); the other based on the proportion of its sales, payroll and property located in California (the "three-factor" formula). This option to choose between two tax formulas, first allowed in 2011, was a result of the 2009 state budget deal. Financial firms and agricultural or resource extraction firms must still use the three-factor formula.

THE PROPOSAL

Prop 39 would require multistate firms doing business in California to use only the single sales factor formula, slightly modified. This change would not apply to agricultural, resource extraction or financial firms, which would remain on the three-factor formula, or to businesses operating only in California.

Prop 39 would establish a fund to support projects to improve energy efficiency and expand the use of alternative energy. Two existing state agencies would select and oversee the projects. A new Citizens Oversight Board would review all expenditures in the fund and report to the Legislature.

For the first five years, up to \$550 million annually would be transferred to the fund from the estimated revenue increase resulting from the Prop 39 tax change, with the remainder going to the state's General Fund.

FISCAL EFFECTS

It is estimated that this change in corporate tax policy would generate approximately \$1 billion in additional revenue annually. For the first five years, Prop 39 would dedicate about \$550 million to energy efficiency and alternative energy projects. The state's General Fund would receive the remaining \$500 million for the first five years, and the entire \$1 billion per year starting in 2018-2019. The amounts generated by Prop 39 would increase over time. As a result of the new revenue, funds going to K-14 schools under the Prop 98 minimum funding guarantee would increase approximately \$200 million (or possibly more) annually for five years and at least \$500 million each year thereafter.

SUPPORTERS SAY

- ★ Prop 39 ensures that large corporations pay their fair share at a time when there have been drastic California budget cuts.
- ★ Prop 39 will benefit taxpayers by funding energy-efficient projects at schools and other public buildings.

OPPONENTS SAY

- ★ Prop 39 is a \$1 billion tax increase that will result in the loss of thousands of jobs in California.
- ★ Energy efficiency projects are already funded at a significant level—Prop 39 is a recipe for waste and corruption.

FOR MORE INFORMATION

Supporters: Yes on 39—Californians to Close the Out-of-State Corporate Tax Loophole
www.CleanEnergyJobsAct.com

Opponents: California Manufacturers & Technology Association • www.Stop39.com

Redistricting. State Senate Districts.

THE QUESTION: *Should the current state Senate districts be retained?*

THE SITUATION

Every ten years, after the federal census, the boundaries of the districts from which we elect our representatives are redrawn in order to ensure that there is equal population in each district. This redistricting was formerly done by the Legislature; however, in 2008, voters approved Proposition 11, which created a citizens commission to do redistricting for state offices, and, in 2010, they approved Proposition 20, which added redistricting of congressional districts to the duties of the commission.

The commission is comprised of 14 members: 5 Democrats, 5 Republicans, and 4 members not affiliated with either party. The commission finished its work in August 2011, and certified the new Senate district maps by a vote of 13 to 1.

The California Constitution allows voters to challenge the district maps through the referendum process if enough registered voters sign a petition to qualify a referendum for the ballot. Those who were unhappy with the new state Senate districts gathered signatures for a referendum, and, in November 2011, petitioned the California Supreme Court to determine which maps would be used for the 2012 primary and general elections if the referendum qualified for the ballot. The referendum did qualify, but the Court ruled that the maps certified by the commission would be used in this year's elections, regardless of the referendum. Once a measure has qualified for the ballot, it cannot be removed, so the sponsors of the referendum, who no longer found it necessary, were unable to take it off the ballot.

THE PROPOSAL

Prop 40 is a referendum that asks the voters to approve or reject the current state Senate districts. A YES vote

approves the existing districts, and a NO vote rejects them. If the current districts are approved, they would stay in effect until after the next federal census in 2020. If the current districts are rejected, "Special Masters" appointed by the California Supreme Court would draw new district maps to be used until after the next census.

FISCAL EFFECTS

If the voters vote YES and approve the current maps, there would be no effect on state or local government. If the voters vote NO and reject the current maps, there would be a one-time cost to the state of about \$500,000 to pay for the drawing of the new districts, plus a one-time cost statewide of about another \$500,000 for counties to develop new election precinct maps and materials.

SUPPORTERS OF THE CURRENT DISTRICT MAPS SAY

- ★ Even though the proponents of the referendum have abandoned their cause, a YES vote is necessary in order to retain the current districts and uphold the will of the people in creating the commission.

OPPONENTS OF THE CURRENT DISTRICT MAPS SAY

- ★ They are no longer asking for a NO vote. Their intention was to stop the current Senate districts from being implemented in 2012. Since the Court ruled to keep those districts in place, Prop 40 is not needed.

FOR MORE INFORMATION

Supporters of the Current District Maps:

Yes on 40—Hold Politicians Accountable
www.HoldPoliticiansAccountable.org

Opponents of the Current District Maps:

No campaign information is available—opponents are not campaigning for a NO vote

General Election ★ Tuesday, November 6, 2012

Polls open 7:00 a.m. to 8:00 p.m.

October 22 • Last day to register to vote

October 30 • Last day to request a Vote-by-Mail Ballot