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May 12, 1999

Hon. Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Connie Lemus
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Election Code Section 9005, we have received the proposed initiative cited as "The Government Reform Act of 2000" (File No. SA 1999 RF 0016, Amendment No. 1-NS). This measure would amend the California Constitution to change (1) the method by which the compensation for state-elected officials is determined and (2) the way in which the boundaries of districts for the state Senate and Assembly, Board of Equalization, and U.S. House of Representatives for California are determined. The measure would also establish campaign contribution limits for candidates for the Legislature and statewide elective office. The specific provisions are discussed below.

Compensation for State-Elected Officials. Currently, the California Citizens Compensation Commission establishes the salaries and benefits for Members of the Legislature and other state-elected officials, such as the Governor, the Attorney General, and Members of the State Board of Equalization. The commission recently announced its decision to raise the salaries of six legislative leadership positions in December 1999.

This measure would reduce the salaries of the six legislative leadership positions to the amounts existing on January 1, 1999.

The measure would also specify that the commission may *recommend* adjustments to the salaries for Members of the Legislature and other state-elected officials in the future. A recommended salary increase could not be greater than the increase in the Consumer Price Index. Adjustments would not become effective unless approved in statute by a two-thirds vote of the Legislature.

In addition, the measure would limit reimbursements that Members of the Legislature receive for travel and living expenses in connection with their official duties.

Finally, the measure provides that in any year in which the annual budget bill is not passed by the Legislature by June 15, each Member of the Legislature would forfeit his or her salary and travel and living expense reimbursements from June 15 until the day that the budget bill is presented to the Governor. The measure also provides that the Governor forfeit his or her salary for each day the budget bill is not passed and signed into law after June 30.

District Boundaries. Currently, the California Constitution requires the Legislature to adjust the boundaries of districts for the State Senate and Assembly, Board of Equalization, and U.S. House of Representatives for California in the year following the national census. This measure would require the Legislature to petition the California Supreme Court to appoint a panel of retired state or federal judges to propose adjustments of the boundaries to the Legislature. The Legislature could approve a plan presented by the panel with a majority vote concurring. If the Legislature amends a plan presented by the panel or decides to adopt its own plan, a two-thirds vote would be required. If no plan is adopted by the Legislature or is vetoed by the Governor, the measure provides for the Supreme Court to adjust the boundaries.

The measure specifies that each state Senate district be composed of two Assembly districts, each Board of Equalization district be composed of ten Senate districts, and that Congressional district boundaries follow Assembly district boundaries to the extent possible. The measure specifies that the effects of the plans on political parties and incumbents shall not be given consideration and only population data from the U.S. Census Bureau could be used to develop the plans.

Campaign Contribution Limits. The initiative limits contributions for candidates for statewide office to \$5,000 and limits contributions for legislative races to \$2,500. The measure also provides, however, that its contribution limits would not take effect unless the courts prohibit implementation of the limits contained in Proposition 208, an initia-

tive measure approved by the voters in 1996. The constitutionality of the Proposition 208 contribution limits is being litigated in federal court. Should the Proposition 208 limits take effect, the contribution limits in this measure would be nullified and would thus have no effect.

Fiscal Effect

The measure would have the following fiscal effects:

Compensation for State-Elected Officials. The provisions of the measure that reduce the salaries of elected state officials and limit the living expense payments to Members of the Legislature would result in relatively minor annual savings to the state. The provisions that limit future adjustments to the salaries of state officials and require the Legislature to forfeit salaries in the event that the annual budget bill is not enacted by June 15 could potentially result in unknown, but not significant, annual savings.

District Boundaries. Presumably, the costs for establishing district boundaries for the Legislature, Board of Equalization, and U.S. House of Representatives from California, would be incurred only once every decade following the decennial census. The measure could result in net costs or savings depending on the costs to the panel and the Supreme Court to establish the boundaries versus the costs to the Legislature under the current requirements. The net fiscal effect is unknown, but probably not significant.

Campaign Contribution Limits. This measure would result in costs, probably in the range of hundreds of thousands of dollars annually, for the Fair Political Practices Commission to implement and enforce the campaign contribution limits proposed under this measure for campaigns for state elective office.

Summary. The measure could result in relatively minor annual savings to the state. These savings would be offset by costs of at least hundreds of thousands of dollars. The net fiscal impact is unknown, but probably not significant in the context of the overall state budget.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

B. Timothy Gage
Director of Finance