

February 3, 2009

Hon. Edmund G. Brown Jr.  
Attorney General  
1300 I Street, 17<sup>th</sup> Floor  
Sacramento, California 95814

Attention: Ms. Krystal Paris  
Initiative Coordinator

Dear Attorney General Brown:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional amendment related to the passage of the state budget and tax increases adopted as part of the budget (A.G. File No. 08-0023, Amdt. #1-NS).

### **Background**

The State Constitution currently requires a two-thirds (67 percent) vote of each house of the Legislature for the passage of the state budget bill and related appropriations. The Constitution requires the same vote threshold for bills which raise state taxes. These types of bills take effect immediately upon enactment. Most other types of bills—including bills that reduce taxes or spending—can be passed with a majority (over 50 percent) vote and take effect on January 1 of the following year.

### **Proposal**

*Lowers the Vote Requirement to Pass the Budget Bill and Related Legislation.* This measure amends the Constitution to lower the vote requirement necessary to pass the budget bill and related legislation from two-thirds to 55 percent. The lower vote requirement would also apply to measures to increase taxes that are related to the budget bill. These bills would take effect immediately upon enactment (or upon a date specified in the legislation).

### **Fiscal Effect**

*State Spending and Revenues.* This measure, by reducing the voting requirement from two-thirds to 55 percent, would make it easier to pass a state budget. In some years, this would likely affect the content of the budget and related appropriations. For instance, spending priorities in a given budget could be different. In addition, a reduction in the number of votes required to pass tax

increases would make it easier to approve tax increases related to the budget. If the measure resulted in such tax increases, then the state would have greater tax revenues in some years. The extent of the impacts would depend on a number of factors—including the state's financial circumstances, the composition of the Legislature, and its future actions.

*Fiscal Summary.* This measure would have the following major fiscal effect:

- Unknown state fiscal impacts from lowering the legislative vote requirement for spending and tax increases related to the budget. In some cases, the content of the annual state budget could change and/or state tax revenues could increase. Fiscal impact would depend on the composition and actions of future Legislatures.

Sincerely,

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Mac Taylor  
Legislative Analyst

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Michael C. Genest  
Director of Finance