



November 17, 2017

Hon. Xavier Becerra
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Ashley Johansson
Initiative Coordinator

Dear Attorney General Becerra:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional initiative regarding the use of revenue raised by bonds or taxes approved by the voters (A.G. File No. 17-0034).

Background

Bond and Tax Ballot Measures. State and local voters approve many ballot measures that raise revenue for the state and local governments and approve public borrowing through the issuance of bonds. In some cases, these measures are placed on the ballot by the state or local governments. In other cases, an initiative proponent gathers signatures on petitions and places a measure before the voters.

Use of Funding Authorized by Ballot Measures. In many cases, a ballot measure specifies explicitly how its bond proceeds or tax revenue must be spent. For example, some bond measures may list specific infrastructure projects to be funded from bond proceeds. In other cases, state and local governments have more discretion over how to use bond proceeds or tax revenue approved by voters.

Proposal

Restricts Use of Bond and Tax Revenue. This measure restricts the use of voter-approved bond proceeds and tax revenue. Specifically, this measure amends the State Constitution to prohibit the state and local governments from using bond proceeds or tax revenue for projects or funds that are not expressly listed in a ballot measure that authorizes the bonds and/or taxes. Bond and/or tax measures specifically providing the state and/or local governments discretion over the use of this funding would not be affected by this restriction.

Fiscal Effects

Fiscal Effect Depends on Variety of Factors. This measure could result in the state and local governments having somewhat less flexibility over the use of bond proceeds and tax revenue

authorized by voters. The extent of this diminished fiscal flexibility and other fiscal effects would depend on a variety of factors that are difficult to predict. These factors include, but are not limited, to (1) how the state and local governments implement this measure, (2) changes to future bond and tax measures (including voters' reactions to those changes) in response to this measure, and (3) how courts interpret this measure in response to legal challenges.

Summary of Fiscal Impact: The measure would have the following fiscal effects:

- Potentially less state and local fiscal flexibility over the use of bond proceeds and tax revenue, depending upon future decisions made by elected officials, the courts, and the voters.

Sincerely,

Mac Taylor
Legislative Analyst

Michael Cohen
Director of Finance