

UPCOMING BALLOT MEASURES IN PERSPECTIVE

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REMARKS TO THE CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS'  
ANNUAL LEGISLATIVE SEMINAR  
SACRAMENTO, CALIFORNIA

I. INTRODUCTION

A. WELCOME TO SACRAMENTO

B. FISCAL OUTLOOK

1. THIS YEAR, FOR A CHANGE, STATE GOVERNMENT IS IN A POSITION WHERE IT CAN BE A MORE GRACIOUS HOST.
2. WHILE YOU MAY NOT BE RETURNING TO YOUR COMMUNITIES WITH SUITCASES FULL OF MONEY, IT DOESN'T APPEAR THAT YOU'LL BE GOING HOME WEARING A BARREL SUPPORTED BY SUSPENDERS, EITHER.
3. IN SHORT, FOR THE FIRST TIME IN MANY YEARS, THE STATE IS IN A POSITION TO KEEP ITS FISCAL PROMISES TO CITIES, COUNTIES AND SPECIAL DISTRICTS WITHOUT HAVING TO REDUCE OTHER STATE PROGRAMS.
4. THIS, OF COURSE, IS NOT A PREDICTION OF WHAT WILL HAPPEN -- JUST AN ASSESSMENT OF THE STATE'S FISCAL CAPABILITIES.

C. PURPOSE OF MY REMARKS

1. MY TOPIC THIS MORNING IS NOT THE STATUS OF THE STATE'S BUDGET. RATHER, IT IS THE ISSUES BEING CONSIDERED BY THE FOURTH BRANCH OF GOVERNMENT -- THE BRANCH THAT MEETS ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN JUNE AND NOVEMBER OF EVEN-NUMBERED YEARS.
2. SPECIFICALLY, I'VE BEEN ASKED TO DISCUSS THOSE BALLOT MEASURES THAT WILL BE PRESENTED TO THE VOTERS -- EITHER AT

THE LEGISLATURE'S INITIATIVE OR AT THE INITIATIVE OF PRIVATE CITIZENS AND THEIR DIRECT MAIL FIRMS.

3. I'LL START WITH THE MEASURES THAT WILL BE ON THE BALLOT 12 DAYS FROM NOW, AND THEN TAKE UP THE MEASURES THAT EITHER HAVE QUALIFIED, OR ARE LIKELY TO QUALIFY, FOR THE NOVEMBER BALLOT.
4. BY APPROACHING THE TOPIC IN THIS WAY, MY CHALLENGE WILL BE MUCH LIKE THAT FACING A FOOTBALL COACH TRYING TO KEEP HIS PLAYERS' ATTENTION ON THIS WEEK'S OPPONENT AND PREVENT THEM FROM LOOKING AHEAD TO THE LOS ANGELES RAIDERS WHO COME NEXT ON THE SCHEDULE. (YOU'LL SEE WHAT I MEAN IN A FEW MINUTES.)

## II. JUNE BALLOT MEASURES

### A. MEASURES ON THE BALLOT

1. THE JUNE BALLOT LISTS NINE MEASURES THAT THE VOTERS WILL BE ASKED TO APPROVE OR REJECT.
2. THREE OF THESE -- THOSE DEALING WITH CAMPAIGN STATEMENTS, CIVIL SERVICE EXEMPTIONS, AND THE LEGISLATURE -- WOULD HAVE LITTLE OR NO FISCAL IMPACT ON LOCAL GOVERNMENTS.
3. TWO OF THE MEASURES -- THOSE DEALING WITH PRISON BONDS AND RETIREMENT FUND INVESTMENTS -- COULD HAVE AN INDIRECT EFFECT ON YOUR BUDGETS.
4. THE REMAINING FOUR ALL WOULD HAVE A DIRECT EFFECT ON EITHER YOUR REVENUES OR EXPENDITURES.

### B. MEASURES HAVING A DIRECT EFFECT ON LOCAL BUDGETS

1. PROPOSITION 23

- a. ONE OF THESE FOUR MEASURES -- PROPOSITION 23 -- IS THE SEVENTH SINCE PROPOSITION 13 THAT ATTEMPTS TO SHIELD REAL PROPERTY FROM REASSESSMENT, AND THUS HIGHER PROPERTY TAXES.
  - b. THIS ONE EXEMPTS FROM THE DEFINITION OF "NEW CONSTRUCTION" ANY MODIFICATION TO A BUILDING DESIGNED TO COMPLY WITH A LOCAL EARTHQUAKE SAFETY ORDINANCE.
  - c. IF APPROVED BY THE VOTERS, THIS MEASURE WILL REDUCE TAX REVENUES TO FOUR CITIES -- LOS ANGELES, LONG BEACH, SANTA ANA, AND SANTA ROSA.
  - d. THOSE OF YOU FROM ONE OF THESE FOUR CITIES KNOW A WHOLE LOT BETTER THAN I DO WHAT THE FISCAL EFFECT WILL BE.
2. PROPOSITIONS 16, 18 and 19
- a. THE OTHER THREE MEASURES HAVING A DIRECT EFFECT ON LOCAL BUDGETS WOULD PROVIDE FUNDS FOR VARIOUS CAPITAL PROJECTS.
    - (1) PROPOSITION 16 WOULD MAKE AVAILABLE \$250 MILLION FOR COUNTY JAIL CONSTRUCTION, REMODELING AND RENOVATION.
    - (2) PROPOSITION 18 WOULD AUTHORIZE NEARLY \$150 MILLION IN GRANTS TO LOCAL GOVERNMENTS FOR ACQUISITION AND DEVELOPMENT OF PARKS.
    - (3) PROPOSITION 19 WOULD AUTHORIZE \$20 MILLION IN GRANTS TO LOCAL AGENCIES IN THE COASTAL ZONE FOR FISH AND WILDLIFE HABITATS.
  - b. THUS, THESE THREE MEASURES WOULD INCREASE THE FLOW OF FUNDS TO LOCAL AGENCIES BY MORE THAN \$400 MILLION DURING THE NEXT FEW YEARS.

c. IN ADDITION, HOWEVER, THESE MEASURES ALSO WOULD HAVE SEVERAL INDIRECT EFFECTS ON LOCAL BUDGETS.

(1) FIRST, ALONG WITH PROPOSITION 17, THEY WOULD INCREASE STATE BORROWING BY \$1 BILLION DURING THE NEXT SEVERAL YEARS.

(a) THIS IS CERTAINLY NOT ENOUGH TO SWAMP THE MUNICIPAL BOND MARKET.

(b) ON THE OTHER HAND, IT PROBABLY WILL CAUSE TAX-EXEMPT BORROWING RATES IN CALIFORNIA TO RISE SOMEWHAT, THEREBY INCREASING THE COSTS OF SERVICING THE DEBT THAT CITIES, COUNTIES, AND SPECIAL DISTRICTS WILL BE ISSUING DURING THE NEXT SEVERAL YEARS.

(c) I SUSPECT, HOWEVER, THAT TAX-EXEMPT BORROWING RATES WILL BE INFLUENCED TO A MUCH GREATER EXTENT BY THE ACTIONS OR INACTIONS OF THE UNITED STATES CONGRESS IN COMING TO GRIPS WITH THE UNPRECEDENTED DEFICITS IN THE FEDERAL BUDGET.

(2) SECOND, AS I'M SURE YOU KNOW, THE GRANTS FOR CAPITAL FACILITIES ALWAYS HAVE A HIDDEN PRICE TAG.

(a) WHETHER IT'S A JAIL, OR A PARK, OR COASTAL WETLANDS, THE CAPITAL PROJECT INVARIABLY MUST BE MAINTAINED BY THE LOCAL AGENCY RECEIVING THE GRANT.

- (b) IN DOING YOUR FISCAL PLANNING, YOU NEED TO TAKE THE OPERATING AND MAINTENANCE COSTS ASSOCIATED WITH THESE FACILITIES INTO ACCOUNT.
3. IN SUM, IF THE VOTERS APPROVE THESE FOUR MEASURES, THEY WILL:
- a. INCREASE THE ASSET SIDE OF YOUR BALANCE SHEETS;
  - b. INCREASE THE EXPENDITURE-SIDE OF YOUR OPERATING BUDGETS;  
AND
  - c. (FOR FOUR OF YOU) REDUCE REVENUES SOMEWHAT.

### III. NOVEMBER BALLOT MEASURES

#### A. INTRODUCTION

1. HAVING DISPOSED OF THE TAMPA BAY BUCCANEERS, WE NOW TURN TO THE LOS ANGELES RAIDERS.
2. THERE ARE ONLY TWO MEASURES SCHEDULED FOR THE NOVEMBER BALLOT THAT WARRANT ANY DISCUSSION AT THIS FORUM . . . BUT THEY ARE FAR MORE DRAMATIC IN TERMS OF THEIR FISCAL IMPACT THAN THE ONES I JUST MENTIONED.

#### B. LIMIT ON PUBLIC ASSISTANCE SPENDING

1. THE FIRST OF THESE MEASURES, WHICH IS SPONSORED BY ASSEMBLY MEMBER ROSS JOHNSON, WOULD LIMIT SPENDING FOR A F D C, MEDI-CAL AND CERTAIN OTHER WELFARE PROGRAMS TO 110 PERCENT OF THE AVERAGE STATE PER CAPITA EXPENDITURE FOR THESE PROGRAMS IN THE OTHER 49 STATES.
2. SINCE CALIFORNIA IS CONSIDERABLY ABOVE THE 110 PERCENT LIMIT NOW, THIS MEASURE, IF APPROVED BY THE VOTERS, WOULD REQUIRE A SIGNIFICANT REDUCTION IN BENEFIT LEVELS.

- a. WE ESTIMATE THAT COUNTIES WOULD "SAVE" AT LEAST \$100 MILLION AS A RESULT OF LOWER AFDC COSTS ALONE.
- b. I WOULDN'T GO OUT AND SPEND THIS MONEY JUST YET, HOWEVER.
- c. IT IS ENTIRELY POSSIBLE THAT THE REDUCTION IN STATE SUPPORT FOR THESE PROGRAMS COULD INCREASE COSTS UNDER OTHER COUNTY-FUNDED PROGRAMS.
  - (1) IF, FOR EXAMPLE, THE LEGISLATURE IMPLEMENTED THE MEASURE BY RESTRICTING ELIGIBILITY UNDER MEDI-CAL, COUNTIES COULD FIND THAT THE COSTS OF THEIR MIA AND GA PROGRAMS ARE HIGHER.
  - (2) EVEN SO, THE MEASURE WOULD RESULT IN SAVINGS TO THE STATE AND LOCAL GOVERNMENTS, COMBINED, THAT PROBABLY WOULD EXCEED \$1 BILLION ANNUALLY, BEGINNING IN 1986-87.

C. THE JARVIS INITIATIVE

1. INTRODUCTION

- a. THE OTHER MEASURE ON THE NOVEMBER BALLOT THAT WE NEED TO DISCUSS IS THE "SAVE PROPOSITION 13" INITIATIVE, SPONSORED BY HOWARD JARVIS.
- b. THIS MEASURE WOULD HAVE A FAR MORE SIGNIFICANT IMPACT ON LOCAL GOVERNMENT BUDGETS THAN ALL OF THE OTHERS ON OUR AGENDA THIS MORNING.
- c. ALTHOUGH MR. JARVIS MAINTAINS THAT HIS INTENT IS MERELY TO REVERSE THOSE COURT DECISIONS THAT, IN HIS WORDS, HAVE "SABOTAGED" THE TAX RELIEF PROGRAM APPROVED BY THE

ELECTORATE IN 1978, THE MEASURE WOULD GO MUCH FURTHER AND PLACE MANY ADDITIONAL RESTRICTIONS ON THE REVENUE-RAISING POWERS OF GOVERNMENTS.

2. FOR DISCUSSION PURPOSES, I HAVE DIVIDED THE PROVISIONS OF THE JARVIS MEASURE INTO FOUR CATEGORIES.
3. FIRST, THERE ARE THOSE PROVISIONS THAT SEEK TO LIMIT TAX RATES.

TWO STAND OUT:

a. NON-AD VALOREM TAXES.

- (1) PROPOSITION 13 LIMITS AD VALOREM TAXES TO 1 PERCENT OF ASSESSED VALUE.
- (2) THE JARVIS INITIATIVE WOULD INCLUDE WITHIN THIS LIMIT ANY OTHER TAXES ON PROPERTY, OR TAXES BASED ON PROPERTY OWNERSHIP.
- (3) AS A RESULT, THESE NON-AD VALOREM TAXES WOULD EFFECTIVELY BE ELIMINATED, INCLUDING PARCEL TAXES, FRONTAGE TAXES, AND GARDEN REFUSE CHARGES.

b. DEBT LEVIES EXCEEDING 1 PERCENT

- (1) THE SECOND LIMIT ON TAX RATES HAS TO DO WITH LEVIES TO SERVICE VOTER-APPROVED DEBT.
- (2) PROPOSITION 13 PERMITS TAX RATES GREATER THAN 1 PERCENT TO SUPPORT VOTER-APPROVED DEBT.
- (3) IN CARMAN VS. ALVORD, THE SUPREME COURT PERMITTED THE USE OF SUCH LEVIES TO SUPPORT DEBT ASSOCIATED WITH VOTER-APPROVED PENSION PLANS.

(4) THE JARVIS INITIATIVE WOULD LIMIT THE USE OF THE LEVIES EXCEEDING 1 PERCENT TO BONDED DEBT ONLY, THEREBY INVALIDATING ALL CHARGES CURRENTLY BEING USED TO FUND OTHER (NON-BONDED) TYPES OF DEBT.

4. SECOND, THERE ARE THOSE PROVISIONS OF "SAVE PROPOSITION 13" THAT INVOLVED INFLATIONARY ADJUSTMENTS TO ASSESSED VALUE.

- a. PROPOSITION 13 ROLLS BACK ASSESSED VALUES TO 1975 LEVELS AND PERMITS A 2 PERCENT INFLATIONARY ADJUSTMENT ANNUALLY.
- b. HOWEVER, IT DIDN'T SPECIFY WHEN ASSESSORS WERE SUPPOSED TO START MAKING THE ANNUAL ADJUSTMENT--IN 1976-77, THE YEAR AFTER THE ROLLBACK DATE, OR 1979-80, THE YEAR AFTER PROPOSITION 13'S EFFECTIVE DATE?
- c. IN A BILL IMPLEMENTING PROPOSITION 13, THE LEGISLATURE AUTHORIZED THE ADJUSTMENT BEGINNING IN 1976-77.
- d. AS A RESULT, 1978-79 ASSESSED VALUES WERE 6.12 PERCENT ABOVE THE 1975 BASE-YEAR VALUES.
- e. IN 1982, TAXPAYERS SUED TO INVALIDATE THE ADJUSTMENTS MADE IN 1976-77, 1977-78 AND 1978-79, BUT IN THE BARRETT/ARMSTRONG CASE, THE APPELLATE COURT UPHELD THE LEGISLATURE'S DECISION.
- f. THE JARVIS INITIATIVE WOULD OVERTURN THE BARRETT/ARMSTRONG DECISION, THEREBY INVALIDATING THE 2 PERCENT ADJUSTMENTS FOR THE THREE YEARS, AND REQUIRE REFUND OF THE TAXES RESULTING FROM THESE ADJUSTMENTS, INCLUDING INTEREST AT 13 PERCENT.

- g. THE TOTAL COST OF THESE REFUNDS WOULD BE \$1,325 MILLION.
- h. CITIES WOULD EXPERIENCE A ONE-TIME COST OF \$173 MILLION AND AN ONGOING REVENUE LOSS OF \$10 MILLION, STATEWIDE.
- i. COUNTIES WOULD LOSE \$520 MILLION ON A ONE-TIME BASIS, AND \$30 MILLION ANNUALLY THEREAFTER.
- j. ONLY ABOUT ONE-HALF OF THE STATE'S PROPERTY OWNERS WOULD BE ENTITLED TO A REFUND.
  - (1) MOST OF THE OTHERS WOULD ACTUALLY HAVE TO PAY LARGER PROPERTY TAX BILLS, SINCE LOCAL AGENCIES WOULD BE REQUIRED TO INCREASE THEIR TAX RATES IN ORDER TO COVER THE COST OF SERVICING VOTER-APPROVED BONDED DEBT.
  - (2) IN FACT, OTHER TAXPAYERS WOULD PAY UP TO \$185 MILLION OF THE \$1.3 BILLION IN REFUNDS.

5. THIRD, PROVISIONS OF THE "SAVE PROPOSITION 13" MEASURE WOULD PLACE A VARIETY OF RESTRICTIONS ON ASSESSED VALUATION.

- a. THESE RESTRICTIONS WOULD:
  - (1) REDUCE THE ASSESSED VALUE OF NEW CONSTRUCTION,
  - (2) FORBID THE REASSESSMENT OF PROPERTY WHICH CHANGES OWNERSHIP AMONG EXTENDED FAMILY MEMBERS, AND
  - (3) REDUCE THE VALUE OF CERTAIN PROPERTIES WITH ENFORCEABLY RESTRICTED USES.
- b. THEY WOULD ALSO RESULT IN A MAJOR REVENUE LOSS TO CITIES, BUT WE DON'T KNOW HOW BIG THE LOSS WOULD BE.

6. FINALLY, THE "SAVE PROPOSITION 13" INITIATIVE CONTAINS A NUMBER OF PROVISIONS THAT WOULD LIMIT BENEFIT ASSESSMENTS, FEES AND VARIOUS OTHER TAXES.

a. ON THE ONE HAND, THE MEASURE WOULD INVALIDATE A NUMBER OF CURRENT CHARGES LEVIED BY CITIES, COUNTIES AND SPECIAL DISTRICTS, INCLUDING:

(1) ANY ASSESSMENT ON LAND FOR CAPITAL IMPROVEMENTS WHICH DOES NOT SPECIFICALLY AND DIRECTLY BENEFIT PROPERTY (FOR EXAMPLE, ASSESSMENTS THAT ARE LEVIED ON IMPROVEMENTS, THAT SUPPORT SERVICES, OR THAT PROVIDE ONLY INDIRECT BENEFITS TO PROPERTY).

(2) FEES USED TO SUPPORT EMPLOYEE PENSION COSTS, OR FEES THAT EXCEED THE DIRECT COST OF, OR BENEFITS FROM, THE SERVICE OR REGULATORY PROGRAM FOR WHICH THE FEES ARE CHARGED.

b. IN ADDITION, ON OR AFTER AUGUST 15, 1983, ANY NEW FEE OR ANY INCREASE IN AN EXISTING FEE THAT EXCEEDS THE INCREASE IN UNITED STATES CPI FOR THE PRECEDING 12 MONTHS WOULD HAVE TO BE APPROVED BY A TWO-THIRDS VOTE OF THE LOCAL ELECTORATE.

7. POTENTIAL IMPACT OF THE JARVIS INITIATIVE

a. THE "SAVE PROPOSITION 13" INITIATIVE WOULD HAVE ITS GREATEST EFFECT ON:

(1) BENEFIT ASSESSMENT DISTRICTS, AND

(2) MUNICIPAL ENTERPRISE ACTIVITIES.

- b. AMONG THE ASSESSMENTS THAT WOULD BE INVALIDATED ARE:
- (1) BENEFIT ASSESSMENTS TO SUPPORT FIRE PROTECTION DISTRICTS;
  - (2) ASSESSMENTS SUPPORTING MAINTENANCE AND OPERATION OF DRAINAGE, FLOOD CONTROL, AND LIGHTING UNDER THE 1982 BENEFIT ASSESSMENT ACT;
  - (3) STANDBY CHARGES FOR MOSQUITO ABATEMENT;
  - (4) CERTAIN CHARGES FOR SIDEWALK MAINTENANCE; AND
  - (5) ANY CHARGE UNDER THE 1911 IMPROVEMENT ACT WHICH IS LEVIED ON IMPROVEMENTS, SUPPORTS SERVICES, PROVIDES INDIRECT BENEFITS, OR EXCEEDS THE COST OF CAPITAL IMPROVEMENTS.
- c. THE FEE RESTRICTIONS WOULD HAVE THE GREATEST IMPACT ON ENTERPRISE ACTIVITIES, SUCH AS MUNICIPAL UTILITIES, AIRPORTS, HARBORS, HOSPITALS, TRANSIT, AND WASTE DISPOSAL.
- (1) LOCAL AGENCIES WOULD BE REQUIRED TO GET A TWO-THIRDS VOTE EVERY TIME THEY WANT TO INCREASE FEES FASTER THAN THE CPI IS RISING.
  - (2) CITIES WOULD HAVE THE SAME PROBLEM WITH MUSEUMS, PARKS AND RECREATION, LIBRARIES AND A MYRIAD OF OTHER FEE-SUPPORTED ACTIVITIES.
- d. THE IMPACT OF THESE RESTRICTIONS ON CITIES IS UNKNOWN BUT CERTAINLY MAJOR.

e. ON AN ONGOING BASIS, THE MEASURE'S FEE PROVISIONS PROBABLY WILL HAVE A GREATER IMPACT THAN THE PROPERTY TAX PROVISIONS.

8. WHAT ARE THE POLICY IMPLICATIONS OF THE JARVIS INITIATIVE?

a. IF THE VOTERS APPROVE THE CONSTITUTIONAL AMENDMENT, THEY WILL GET LOWER STATE AND LOCAL TAXES, AND LESS GOVERNMENT.

b. THE MOST IMMEDIATE IMPACT, HOWEVER, WOULD BE THAT ALL BETS ON SB 1300 AND AB 2468 -- THE TWO COMPETING FISCAL REFORM BILLS -- WOULD BE OFF. WHATEVER THE NATURE OF THE STATE/LOCAL FINANCIAL RELATIONSHIP THAT EMERGES FROM THE LEGISLATURE IN 1984, IT WILL COLLAPSE INSTANTLY UNDER THE BURDEN OF \$1,325 BILLION IN MANDATORY PROPERTY TAX REFUNDS.

c. SECOND, THE JARVIS INITIATIVE WOULD EXACERBATE INEQUITIES IN CONNECTION WITH THE PROPERTY TAX.

(1) THOSE PROPERTY OWNERS WHO ALREADY RECEIVE THE LARGEST TAX BREAK FROM PROPOSITION 13 -- THOSE WHO HAVE HELD ONTO PROPERTY SINCE MARCH, 1977.

(2) THOSE TAXPAYERS WHO OWN NEW OR NEWLY ACQUIRED PROPERTY -- AND THUS RECEIVE THE SMALLEST TAX BREAKS UNDER PROPOSITION 13 -- WOULD, IN MOST CASES, EXPERIENCE PROPERTY TAX INCREASES, BECAUSE OF INCREASED TAX RATES FOR VOTER-APPROVED DEBT SERVICE.

d. THIRD, THE JARVIS INITIATIVE WOULD EFFECTIVELY DENY GOVERNMENT SERVICES TO CITIZENS WHO ARE WILLING TO PAY FOR THEM.

(1) AS A POLICY ANALYST, I CONSIDER THE RECENT EXPANSION IN THE USE OF ENTERPRISE AGENCIES AND USER FEES FOR SERVICES AS A POSITIVE DEVELOPMENT.

(2) THE INITIATIVE WOULD INVALIDATE MANY OF THESE FEES, AND WOULD EITHER REDUCE THE AVAILABILITY OF SERVICES TO INDIVIDUALS WHO ARE WILLING TO PAY FOR THEM, OR SHIFT THE BURDEN OF SUPPORT TO OTHER TAXPAYERS.

(3) IN ADDITION, THE JARVIS INITIATIVE WOULD EFFECTIVELY ALLOW A MINORITY OF THE VOTERS IN A COMMUNITY TO PREVENT THE ESTABLISHMENT OF NEW SERVICES DESIRED BY THE MAJORITY, EVEN THOUGH THESE VOTERS WOULD NOT BE REQUIRED TO PAY FOR THE SERVICES IF THEY DIDN'T WANT THEM.

(4) ALSO, THE MEASURE WOULD PLACE UNREALISTIC RESTRAINTS ON MUNICIPALLY-OWNED GAS, ELECTRIC AND WATER AGENCIES, WHOSE COSTS CAN BE EXPECTED TO RISE FASTER THAN THE CPI. (VIRTUALLY EVERY RATE INCREASE WOULD HAVE TO BE SUBMITTED TO A VOTE SUBJECT TO A TWO-THIRDS VOTE.)

e. THE JARVIS INITIATIVE WOULD IMPAIR THE ABILITY OF GROWING COMMUNITIES TO SUPPORT NEEDED FACILITIES AND INFRASTRUCTURE.

- (1) BENEFIT ASSESSMENTS ARE A MAJOR SOURCE OF FUNDS NEEDED BY GROWING COMMUNITIES TO PROVIDE FOR STREETS, SEWERS, LIGHTS, SIDEWALKS, SCHOOL FACILITIES, FIRE AND POLICE PROTECTION, FLOOD CONTROL AND OTHER FACILITIES AND SERVICES NEEDED TO SUPPORT GROWTH.
- (2) THE JARVIS INITIATIVE WOULD LIMIT ASSESSMENTS TO SUPPORT OF CAPITAL IMPROVEMENTS PROVIDING DIRECT BENEFITS TO LAND; ASSESSMENTS WHICH SUPPORT SERVICES SUCH AS POLICE AND FIRE PROTECTION, OR CAPITAL IMPROVEMENTS THAT PROVIDE ONLY INDIRECT BENEFITS TO LAND, WOULD NOT BE PERMITTED.
- (3) IN ORDER TO REPLACE THE REVENUE FROM SUCH ASSESSMENTS, THESE COMMUNITIES WOULD NEED TO ESTABLISH NEW FEES OR TAXES, WHICH THEMSELVES ARE SUBJECT TO LIMITATION.

#### IV. CONCLUSION

- A. THE IRONY OF ALL THIS IS THAT, IN A YEAR IN WHICH THE FISCAL SIGNS ARE FAVORABLE AND THE DREADED DEFLATOR IS REPEALED, CITIES COULD GET HIT WITH SOMETHING THAT IS EVEN MORE DAMAGING TO THEIR TREASURIES.
- B. THIS JUST GOES TO PROVE WHAT THAT NOTED PHILOSOPHER, ROSEANNE ROSANNADANNA, WAS FOND OF SAYING:  
"IF IT ISN'T ONE THING, IT'S ANOTHER."

T H A N K   Y O U !