

**MINUTES**

**LAW AND LEGISLATION COMMITTEE MEETING**

March 31, 1988

City Council Chambers  
915 I Street, Second Floor  
Sacramento, California

The meeting was called to order at the hour of 3:13 p.m. by Chairman Terry Kastanis.

**PRESENT:** Committeemembers Kastanis, Mueller, Shore, Pope.  
**GUEST:** Councilmember Lynn Robie

1. Ordinance amending Sections 7.72 and 7.73 of the Sacramento City Code, relating to outdoor sales and display of merchandise.

**RECOMMENDATION OF STAFF:** RECOMMEND SUPPORT AND FORWARD TO COUNCIL

**COMMITTEE ACTION:** SUPPORTED AND FORWARDED TO COUNCIL

**VOTING RECORD:** MOVED: SHORE; SECONDED: MUELLER  
AYES: SHORE, MUELLER, KASTANIS,  
POPE

**MINUTES:**

Deputy City Attorney Diane Balter explained that this proposed ordinance clarifies vending outside on private property. Shore moved, Mueller seconded, and it was unanimously voted to support this ordinance and forward it to full Council.

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2. Ordinance adding Article V to Chapter 42 of the Sacramento City Code, relating to food vending vehicles.

**RECOMMENDATION OF STAFF:** RECOMMEND SUPPORT AND FORWARD TO COUNCIL

**COMMITTEE ACTION:** SUPPORTED AND FORWARDED TO COUNCIL

**VOTING RECORD:** MOVED: SHORE; SECONDED: POPE  
AYES: SHORE, POPE, MUELLER,  
KASTANIS

ITEM CONTINUED ON FOLLOWING PAGE.

## COMMITTEE ACTION SHEET

### 2. CONTINUED FROM PREVIOUS PAGE.

#### MINUTES:

Diane B. Balter presented this ordinance, and was available to answer any questions. There was brief discussion as to the fact that this was the same as the ordinance previously brought before the Committee, except that it now includes vendors who sell exclusively to employees at their places of employment. Shore moved, Pope seconded, and it was unanimously voted to support this ordinance and bring it before the full Council.

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### 3. Ordinance amending Sections 18.102, 18.105(a) and 18.106, and adding Sections 18.116-1, 18.130 and 18.131 to the Sacramento City Code, relating to Bingo.

STAFF RECOMMENDATION: RECOMMEND SUPPORT AND FORWARD TO COUNCIL.

COMMITTEE ACTION: TO BE RE-HEARD AT MAY MEETING.

#### MINUTES:

Mike Medema, Revenue Manager, presented some statistics regarding Bingo. He explained that in 1982, charities were receiving about 20% return from bingo, whereas now they are receiving about 4.6%. He also explained that the Police Department wants electronic bingo games considered illegal. Mr. Medema explained that all bingo operators oppose the 20% return, and that right now there is no required minimum contribution to charity. After some discussion, Mr. Medema explained that State law regulates the amount of prizes allowed in bingo games to \$250.00 per game.

Councilmember Robie explained that one of the problems with City bingo is the County, as the County's ordinance is much different. The County allows a "middleperson" who can make money off bingo, and the County doesn't control the games in the same way as does the City. She stated that the County has had a lot of trouble with this right now, which the City predicted would happen when this was brought up the last time.

Lt. Gale Hamilton of the Police Department explained the provision for outlawing electronic and mechanical bingo operations. He said that this is like controlled slot machines, and feels the City should draw the line. He said the Police Department feels very strongly about this issue; that it isn't a problem in the City yet, but the County is having some problems with it now. He feels

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## COMMITTEE ACTION SHEET

### 3. CONTINUED FROM PREVIOUS PAGE.

member Pope's suggestion of \$4,000.00 per game prize limits per night might be a good way to do this. He also said he has a problem with the three-year limit for being in business, as the Sacramento Consolidated Charities is only a month old. As for the electronic bingo provision, as worded here no one could use any electronic devices. He said they have an electronic scoreboard. He stated he would like to see the matter referred back to staff to get more information and to have some public hearings. He feels the matter should be studied more carefully.

Councilmember Robie asked Mr. Grey about the high expenses for bingo games. Mr. Grey explained that most of the money goes for rent and prizes, and that there is a lot of competition. He said he would be willing to make his books available for review. He explained that most of the work is done by volunteers except for security guards, which are regulated by State law. He said that a 20% return wouldn't be difficult, if you were the only game in town. He said that if the City's rules become too severe, all the bingo games will be in the County. He invited everyone to come to his bingo game to see what it's like. He also mentioned that he feels the actual rate of return on his games is more like 12%, and not the 6.40% shown on Mr. Medema's chart.

Louis Viana, a resident of the southside district of Sacramento for 65 years, spoke at this time. He feels the City is trying to equate his church games (St. Mary's) with those in Reno or games played four or five times a week. He said that if prizes are less than \$250.00 each, people will go to the 7 or 8 other games in the City. He feels it would be rough to make the 20%. He said all the money goes directly to St. Mary's Church and nowhere else. He suggested the City leave the small bingo operators alone; they don't make much money and aren't professionals.

Mike Medema said that State law prohibits prizes above \$250.00, but that the City considers successive games played on the same card (e.g., bingo/4 corners/blackout) to be separate games. This is prohibited by the County.

The next speaker was Father Patrick of St. Joseph's Church. He said that if the City requires 20% return to charities, all church bingo games will have to close. He feels the proposed ordinance is unfair, in that the County will get all the City's business. He stated that the purpose of church bingo is to help out the parochial schools and other church-affiliated activities, and if they have to stop having bingo, the church and other charities are going to lose.

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## COMMITTEE ACTION SHEET

### 3. CONTINUED FROM PREVIOUS PAGE.

only traditional bingo should be played. He stated the City has had some problem with questionable charitable organizations, and the Police Department feels that a charitable organization should be in business for at least three years to be considered legitimate. He stated that the Police Department has no opinion regarding the 20% requirement for donating to the charities.

Julie Grossman, who runs the bingo game for the St. Peter's Social Club, spoke at this time. She stated she objects to the 20% return requirement, as she feels it is an impossibility. She said that at one time the City had all the bingo business, but now there is tremendous competition in and out of the City. She explained how the money rolls around in a circle, and said that about 10% of her net income went to the City last year. She pointed out that charities like the March of Dimes, which lost money in bingo games, paid nothing to the City but took away some of her business at the same time. She explained that the gross income shown on Mr. Medema's chart was fictitious, as money shown as income on the chart is actually prize money awarded, which prize money is sometimes used to purchase more games, etc. She said 20% return is impossible. She feels that 10% would be more equitable, but even that would require extra hard work. She said prizes must be competitive to attract the people. She feels it is unfair that organizations going in the hole with bingo game should be allowed to keep playing and take away her customers.

Mike Medema stated at this time that March of Dimes was finally closed down specifically because they were not paying fees to the City. He said he did not want another March of Dimes situation in the City, but that without an ordinance, there is nothing to prevent it. He went on to say that some of the bingo organizations listed on his statistical chart were "fun" games only, which games would be exempted from this ordinance. This includes senior citizen residence homes, etc. He also pointed out that the one charity on the list that gave 20% to charity objected to the 20% minimum requirement. He said that the County's charitable bingo operations are now averaging about 10% return.

Committeemember Pope stated that more studies should be undertaken to determine the rate of charitable contributions from bingo in other communities. Mr. Medema said he would do that.

The next speaker was Joe Grey, representing a new charitable organization consolidating several charities, including the Kennedy Band, entitled Sacramento Consolidated Charities. Mr. Grey stated that the proposed ordinance could put the Kennedy Band out of business, as the 20% return is too high. He said that Committee-

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COMMITTEE ACTION SHEET

3. CONTINUED FROM PREVIOUS PAGE.

There was discussion among the Committee members as to what things should be looked into before this matter is brought back to the Committee. It was decided to look at the following: (1) 10% as an option, rather than the proposed 20%; (2) limits on the amounts of prizes; (3) the definition of "electronic"; (4) how the "pull tab" games are operated in comparison to bingo itself; (5) more information on the three-years-in-operation requirement for a charity; and (6) a comparison of other organizations and their rate of return. Chairman Kastanis stated that the bottom line is how much money is actually getting back to the charities. He said that unless the City can help that figure come up, why are we even bothering with bingo games except for the gambling aspect.

It was agreed to bring this matter back to the Committee at its first meeting in May.

4. Request for support of Proposition 71 concerning adjustment of the Gann/Proposition 4 appropriations limits.

STAFF RECOMMENDATION: RECOMMEND SUPPORT

COMMITTEE ACTION: SUPPORTED.

VOTING RECORD: MOVED: MUELLER; SECONDED: SHORE  
AYES: MUELLER, SHORE, KASTANIS, POPE

MINUTES:

Tom Higgins of the Californians for Quality Government passed out some additional information regarding Proposition 71 (copies attached). He gave a brief summary of this proposition. Mueller moved, Shore seconded, and it was unanimously voted to support Proposition 71 and bring it before the full Council.

\* \* \* \* \*

The meeting was adjourned at 4:23 p.m.

*Terry Kastanis*  
TERRY KASTANIS, Chair

ATTEST:

*Judy Varvel*  
JUDY VARVEL, Secretary

# CALIFORNIANS for QUALITY GOVERNMENT

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American Association of Retired  
Persons-CA  
League of Women Voters  
of California  
California Association of Highway  
Patrolmen  
Bill Honig, Superintendent of  
Public Instruction  
California State Sheriffs Association  
California Fire Chiefs Association  
Congress of California Seniors  
California Police Chiefs Association  
California School Boards  
Association  
California State PTA  
California Nurses Association  
California Teachers Association  
California Commission on Aging  
California Federation of Teachers  
California Medical Association  
League of California Cities  
California Correctional Peace  
Officers Association  
California District Attorneys  
Association  
County Supervisors Association  
of California  
Association of California School  
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California Special Districts  
Association  
California Faculty Association  
California School Employees  
Association  
California State Employees  
Association  
Professional Engineers in California  
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Fire Marshals and Emergency  
Services Association  
Mexican-American Political  
Association  
Automobile Club of Southern  
California  
Californians for Better  
Transportation  
California Labor Federation,  
AFL-CIO  
California Catholic Conference  
of Bishops  
County Park and Recreation  
Directors Association  
Association of California State  
Attorneys and ALJs  
California Seniors Coalition  
California State Council Service  
Employees International Union  
California Association of  
Professional Scientists  
Police Officers Research Association  
of California  
Public Access Coalition of California  
California Association of Area  
Agencies on Aging  
(Partial Listing)

## STATEWIDE CO-CHAIRS,

### CALIFORNIANS for QUALITY GOVERNMENT

- Bill Honig, State Superintendent of Public Instruction
- John K. Van de Kamp, Attorney General, State of California
- Carol Federighi, President, League of Women Voters of California
- Betty Lindsey, President, California State Parent-Teacher Association
- John Sculley, Chairman and Chief Executive Officer, Apple Computer, Inc.
- John Sonneborn, Chairman, California Commission on Aging
- Marilyn Rodgers, R. N., President, California Nurses Association
- Ed Foglia, President, California Teachers Association

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# UPDATE THE SPENDING LIMIT

**In 1979**, nearly a decade ago, California was a dramatically different place.

Jerry Brown was governor and the state was embroiled in an unprecedented taxpayer revolt. Double-digit inflation was considered a permanent fixture of the state and national economy. More than 90% of the then 23 million Californians were younger than 65. School enrollments were declining and prison population was less than one-third of what it is today. Traffic jams did not clog nearly every freeway, AIDS had not yet been discovered, and the disposal of toxic waste was but a minor problem.

**Today**, ever-changing California is one of the fastest-growing states in the nation.

Inflation has steadily declined since the mid-1980's. The California economy continues to grow. California per capita personal income currently ranks one of the highest in the nation.

More than 27 million people now call California home. Every year, 130,000 new children enter our school system. Our senior citizen population also has soared, growing twice as fast as the general population, and is expected to far outstrip other demographic groups well into the next century. By the year 2000, 3.8 million Californians will be 65 or older.

We have 4 million more cars on the road today than in 1979. Californians now waste 300,000 hours every day, stuck in traffic jams. And, as Governor Deukmejian recently noted, "If you think traffic is bad today, in just 15 years we will be sharing the road with 15 million additional cars and trucks."

The public's demand for tougher criminal laws and longer prison sentences has tripled our inmate population. California now houses one-tenth of all the prisoners in the nation, making us the state with the worst prison overcrowding problem. Just five years ago, the Department of Corrections budget was \$500 million. Today it exceeds \$1.4 billion and continues to skyrocket.

Since 1979, state spending on anti-toxics programs has increased more than 400%. And California now accounts for fully one-fourth of all the nation's AIDS cases.

Back in 1979, the year following the passage of Proposition 13, Californians approved Proposition 4, known as the Gann Spending Limit. It restricts all future state and local government spending of tax revenue to 1979 levels, allowing annual adjustments only for general population and cost of living changes. (The latter is defined as the change in the United States Consumer Price Index (CPI) or California per capita personal income, whichever is less.)

Allowing annual adjustments strictly for general population and inflation changes might well have seemed a surefire protection back in 1979. Much like the Edsel, the "unsinkable" Titanic and the "new" Coke once seemed like such good ideas.

Today, however, the spending limit has become an out-moded and inflexible document. It is unworkable, unable to meet the changing needs of Californians and sorely in need of updating. It prohibits the use of already-collected tax dollars to maintain even the current level of education, law enforcement and other critical services.

In fact, the Commission on State Finance's forecast shows that the existing limit could force more than \$23 billion in cuts in current public services during the next decade. That means \$23 billion in cutbacks to education, law enforcement, health care, senior programs and other vital services!

We need an effective government spending limitation, one that will force the politicians to set priorities and manage our tax dollars efficiently. At such a critical time for California, we can ill afford a limit that allows 1979 economics to control what we do today, encourages political shell games and fiscal mismanagement and forces current service cutbacks.

At a time when California students struggle in the country's largest classrooms and a whopping one-third of them do not make it to high school graduation, we need a limit that will allow the recent education reform movement to continue.

At a time when senior citizens are quickly becoming the fastest growing segment in our state we need a limit that will not force further cutbacks in Medi-Cal and health care for the elderly.

At a time when California ranks No. 50 in per capita expenditures on transportation and the Department of Transportation projects more than \$13 billion will be needed to accommodate growth by 1995, we need a limit that enables us to keep up with the present and build for the future.

At a time when the state is in the midst of the largest prison construction program in the nation to enable our prisons, currently bulging with twice their designed capacity, to accommodate our get-tough-on-crime demands, we need a limit that does not threaten to return these criminals to the streets simply because our prisons are too crowded.

At a time when the cost of research and medical care for the state's growing flood of AIDS patients is expected to increase four-fold in the next four years, we need a limit that does not prohibit us from using available resources to combat an unanticipated, deadly epidemic.

At a time when dramatic cutbacks are expected in federal funds which are currently not counted against the limit, we need a limit that will enable the state to help compensate for those lost dollars for education, law enforcement, health care and other critical services.

That's why a growing coalition of education, law enforcement, business, health care, seniors and good government organizations is placing an initiative on the June, 1988 ballot that would update the limit. Known as the "Government Spending Limitation and Accountability Act", the measure would preserve the check on government spending but adjust it to reflect our growing economy and changing needs. It would modify the annual cost of living and population adjustments used under existing law and provide taxpayers with an effective tool for holding government accountable.

Specifically, the initiative would base annual cost-of-living adjustments on the California Consumer Price Index (CPI), rather than the U.S. CPI, and would be balanced to reflect the real growth of California's economy. Why should we be held back by a national inflation indicator that reflects the combined experiences of states like Arkansas and Louisiana?

Annual population adjustments to the state limit would include increases in student enrollments. School population is currently growing twice as fast as overall state population. We need to take care of those 130,000 new kids.

In the case of municipal governments with large commute populations, annual adjustments would address the growing number of commuters requiring essential local services. Developing cities and counties should be able to put their increased resources to use in order to provide law enforcement and other local services for a growing base.

Earmarked motor vehicle and gasoline taxes would be properly treated as user fees without adversely affecting other public services. These revenues would be guaranteed for their intended transportation purpose and still subject to the taxpayer protections provided by Proposition 13.

Finally, to ensure the proper accountability to taxpayers, the existing Commission on State Finance would report annually the manner in which state revenues are spent and the amount of the state appropriations subject to limitation.

California is one of the fastest growing states in the nation. Common sense dictates that our thriving economy and increased revenues be used to meet our growing demands. We cannot afford to let a law that has become obsolete hold us back now.

For further information, please contact Californians for Quality Government:  
Northern Office: 111 Anza Blvd, #406, Burlingame, CA, 94010, (415) 340-0470 or  
Southern Office: 5757 W. Century Blvd, #400, Los Angeles, CA, 90045, (213) 670-8221/8315.

# Yes on Proposition 71

**BECAUSE IT MAKES SENSE FOR HEALTH CARE!**

## THE PROBLEM:

The existing government spending limit, passed in 1979, **MUST BE UPDATED**. It fails to reflect today's California—the costs of health care have skyrocketed, 10,000 state AIDS cases have been reported since 1981, senior population has soared and toxic waste now threatens our citizens. Taxpayers need strong, workable limits on government to prevent runaway spending but the existing limit even prohibits the use of already-collected taxes to meet current needs. As a result, dramatic cuts have severely compromised health care services.

## THE COSTS TO HEALTH CARE:

- Despite the alarming number of California AIDS cases, the current state budget includes no increase for treatment programs. But Medi-Cal costs for the treatment of AIDS patients will continue to rise to a projected \$40 million in 1988-89.
- Alzheimer diagnosis, treatment and resource centers suffered \$16 million in cuts from proposed state spending last year. California has only half the diagnostic centers it needs and the existing ones are funded at only half the optimum level!
- \$105 million in state cuts to Medi-Cal resulted in an additional \$85 million loss in matching federal funds. California already funds Medi-Cal at a level lower than similar programs in 46 other states!
- Seven of Los Angeles County's trauma centers—designed specifically to handle life-and-death emergencies—have been shut down. More closures are expected.
- Shasta County hospital was forced to close. Ventura County cut 200 positions and \$5.4 million from its county hospital. Fresno County hospital faces a shortfall of \$3 million due to a lack of state funds. Santa Barbara County, even though funds were available, was forced to shut down a clinic for indigent babies.
- Despite increased needs, the current budget does not even allow county health care—such as medically indigent, mental health, substance abuse, maternal and child programs—to keep pace with inflation.

Endorsed by:

**California Medical Association  
California Nurses Association  
AARP/California  
California Dental Association  
California Public Hospitals  
California Health Access Coalition  
California Health Centers  
California Homes for the Aging  
California Area Agencies on Aging  
California Commission on Aging  
and more than 100 major statewide senior,  
education, law enforcement and business  
organizations.**

## PROPOSITION 71:

A common-sense solution that will enable state and local governments to use available revenues to address escalating health care costs. New, updated spending limits will reflect California's economy (the current limit is tied to national inflation) and our growing school population (140,000 new children entering our schools every year now overburden the state limit). Proposition 71 will also require the Commission on State Finance to report annually to taxpayers on how our hard-earned dollars are spent. It will **NOT** raise taxes one penny! In fact, all the Proposition 13 protections against tax increases are retained intact by this measure.

## DON'T BE CONFUSED!

Proposition 71 is the **ONLY** initiative that fairly addresses the concerns of **ALL** Californians—not just one special interest. Another, very different June initiative—Proposition 72, sponsored by Paul Gann and private developers—proposes changes to the spending limit law that, according to the non-partisan Legislative Analyst, would take more than \$700 million away from health care and other services and give it to transportation. In addition, that measure would give the Governor exclusive power to calculate the spending limit every year.

**SUPPORT PROPOSITION 71 AND UPDATE  
THE LIMIT THE COMMON-SENSE WAY!**

**According to the bipartisan Commission on State Finance: Unless the limit law is changed, \$25 billion must be cut from the current level of health care, senior and other services over the next decade.**

# Yes on Proposition 71

**BECAUSE IT MAKES SENSE FOR CALIFORNIA'S SENIORS!**

**THE PROBLEM:** The existing government spending limit, passed in 1979, **MUST BE UPDATED.** It fails to reflect today's California—our senior population is growing twice as fast as the state as a whole, the costs of health care have skyrocketed and new, unanticipated problems such as AIDS and toxics now threaten our citizens. Taxpayers need strong, workable limits on government to prevent runaway spending but the existing limit even prohibits the use of already-collected taxes to meet the growing needs of California's seniors. As a result, dramatic cuts have severely compromised vital services.

## THE COSTS TO SENIORS:

- Last year, almost \$300 million in proposed state spending in senior nutrition programs, home delivered meals, Adult Day Health Care and other health care programs was cut!
- Alzheimer diagnosis, treatment and resource centers suffered \$16 million in cuts from proposed state spending. California has only half the diagnostic centers it actually needs and the existing ones are funded at half the optimum level!
- Medi-Cal lost \$105 million from state cuts and an additional \$85 million in matching federal funds. California now funds Medi-Cal at a level lower than similar programs in 46 other states!
- Seven of Los Angeles County's trauma centers—designed specifically to handle life-and-death emergencies—have been shut down. Shasta County hospital was forced to close. Ventura County hospital cut 200 positions and \$5.4 million. Fresno County hospital faces a shortfall of \$3 million due to a lack of state funds.
- Local spending limits are placing more fire and police protection at risk. Santa Barbara County was recently forced to cut almost \$500,000—11 deputies—from the sheriff's department and an equal amount from the fire department.

Endorsed by:

**AARP/California**  
**Congress of California Seniors**  
**California Commission on Aging**  
**California Seniors Coalition**  
**California Area Agencies on Aging**  
**California League of Senior Citizens**  
**California Homes for the Aging**  
and over 100 major statewide education, health care and law enforcement organizations.

**PROPOSITION 71:** A common-sense solution that will enable state and local governments to use available revenues to address the growing needs of California seniors. New, updated spending limits will reflect California's economy (the current limit is tied to national figures) and our growing populations. Proposition 71 will also require the Commission on State Finance to report annually to taxpayers on how our hard-earned dollars are spent. It will **NOT** raise taxes one penny! In fact, all the Proposition 13 protections against tax increases are retained intact by this measure.

**DON'T BE CONFUSED!** Proposition 71 is the **ONLY** measure that fairly addresses the concerns of **ALL** Californians—not just one special interest. Another, very different June initiative—Proposition 72, sponsored by Paul Gann and private developers—proposes spending limit law changes that, according to the non-partisan Legislative Analyst, would take more than \$700 million away from law enforcement, fire protection and other services and give it to transportation. In addition, that measure would give the Governor exclusive power to calculate the spending limit every year.

**SUPPORT PROPOSITION 71  
AND UPDATE THE LIMIT  
THE COMMON-SENSE WAY!**

**According to the bipartisan Commission on State Finance: Unless the limit law is changed, \$25 billion must be cut from the current level of seniors health care and other services over the next 10 years.**

# Yes on Proposition 71

**BECAUSE IT MAKES SENSE FOR LAW ENFORCEMENT AND FIRE PROTECTION!**

## THE PROBLEM:

The existing government spending limit, passed in 1979, **MUST BE UPDATED**. It fails to reflect today's California—the ever-increasing demand for law enforcement and public safety services, prison populations bulging with twice their designed capacity and new, unanticipated problems such as AIDS and toxic waste that now threaten our citizens. Taxpayers need strong workable limits on government to prevent runaway spending but the existing limit even prohibits the use of already-collected taxes to meet current needs. As a result, dramatic cuts have severely compromised law enforcement and fire protection services.

## THE COSTS TO LAW ENFORCEMENT AND FIRE PROTECTION:

- The total number of uniformed California Highway Patrol Officers is less today than in 1974!
- Court and jail costs in 1987 accounted for a full 30% of total county budgets. The new Napa County jail may never open because the county limit may prevent hiring of necessary guards.
- Dangerous overcrowding conditions in our prisons and jails now force more early releases of convicted criminals and have resulted in thousands of assaults on short-handed prison staff.
- Seven of Los Angeles County's trauma centers—designed specifically to handle life-and-death emergencies—have been shut down.
- In the wake of the severe 1987 fire season—which destroyed 775,000 acres of land—the state budget will cut the Department of Forestry by \$40 million, leaving them without sufficient resources to avoid future horrors.
- To date, almost 30 fire districts have been forced to hold local elections to override limits in order to provide adequate fire protection.
- Santa Barbara County was forced to cut almost \$500,000 from its sheriff's department—resulting in the loss of 11 deputies—and an equivalent amount from the fire department. Madera County reduced the six manned fire stations to two, cut almost one-fourth of its officers from the sheriff's department and expects to fill the new jail the very day it opens.
- Individual Tehama County sheriff's deputies are forced to drive old cars that cannot hit top speeds and sometimes required to patrol the entire 3200-square-mile county alone.

Endorsed by:

**California Police Chiefs  
California State Sheriffs  
California Highway Patrolmen  
California Fire Chiefs and Fire Districts  
California Correctional Peace Officers  
California District Attorneys  
California Peace Officers  
Chief Probation Officers  
PORAC, CCLEA and the Fire Marshals  
and Emergency Services Associations  
and over 100 major statewide education, health care, senior and business organizations.**

## PROPOSITION 71:

A common-sense solution that will enable state and local governments to use available revenues to address escalating law enforcement and fire protection costs. New, updated limits will reflect California's economy (the current limit is tied to national inflation) and our growing school population (140,000 new children entering our schools every year now overburden the state limit). Proposition 71 will also require the Commission on State Finance to report annually to taxpayers on how our hard-earned dollars are spent. It will **NOT** raise taxes one penny! In fact, all the Proposition 13 protections against tax increases are retained intact by this measure.

## DON'T BE CONFUSED!

Proposition 71 is the **ONLY** initiative that fairly addresses the concerns of **ALL** Californians—not just one special interest. Another, very different June initiative—Proposition 72, sponsored by Paul Gann and private developers—proposes changes to the spending limit law that, according to the non-partisan Legislative Analyst, would take more than \$700 million away from law enforcement, fire protection and other services and give it to transportation. In addition, that measure would give the Governor exclusive power to calculate the spending limit every year.

**SUPPORT PROPOSITION 71  
AND UPDATE THE LIMIT  
THE COMMON-SENSE WAY!**

**According to the bipartisan Commission on State Finance: Unless the limit law is changed, \$23 billion must be cut from the current level of law enforcement and other services over the next decade.**



## QUESTIONS & ANSWERS

**Q -- What is the Gann Spending Limit?**

A -- It's a state constitutional provision, adopted nearly a decade ago as Proposition 4. It restricts state and local government spending to 1979 levels, allowing annual adjustments strictly for overall population and national inflationary changes.

**Q -- Should we have a spending limit?**

A -- Absolutely!

**Q -- Why should it be changed?**

A -- Because the changing needs of California have made the inflexible old law incapable of dealing with today's conditions. The existing limit does not reflect the tremendous growth in school population. State Department of Education studies show that more than 140,000 new pupils now enter California schools every year.

It also fails to consider issues such as AIDS and toxic waste disposal that did not exist as critical California problems when the limit was enacted.

**Q -- But doesn't our economy provide adequate revenues to take care of at least some of these concerns?**

A -- That's the absurdity! The state economy *does* provide many of the necessary resources to address these pressing needs. However, because the spending limit fails to reflect California's economy, it even prohibits the use of *already-collected* taxes.

**Q -- What will happen if the spending limit law is not brought up to date?**

A -- The bipartisan Commission on State Finance estimates that, even though funds will be available, the state will be forced to cut some \$23 billion in the existing level of education and other services over the next decade.

Q -- Does the developer initiative "update" the spending limit too?

A -- No. It continues to tie California spending limits to national inflation and overall population changes.

Q -- What about the 140,000 new kids entering state schools every year? Does Proposition 72 adjust the limit to include them?

A -- No. Actually, Proposition 72 takes money away from our schools.

Q -- How much money would Proposition 72 take away from our schools?

A -- Approximately \$700 million! And it wouldn't just take money from our schools but from police and fire protection and health and senior citizen services, too.

Specifically, Proposition 72 takes the sales tax on gasoline, which now goes into the state's general fund, and gives it all to transportation.

Q -- Got anything to back that up?

A -- Yes. The non-partisan Legislative Analyst's official analysis indicates that Proposition 72 "would result in a loss of revenue available for general fund-supported programs such as health, education and welfare and a corresponding gain in revenues for transportation-related programs."

The Analyst estimates education, law enforcement and other services losses at \$200 million in 1988-89, \$430 million in 1989-90, \$725 million in 1990-91 "and increasing amounts annually thereafter."

In fact, state finance chief Jesse Huff has already indicated that, if the developer initiative passes, the Governor will be forced to slash up to \$300 million from already budgeted programs just eight days later.

**Q -- How will Proposition 71 update the spending limit?**

A -- (1) The limit will reflect the California (rather than the U.S.) Consumer Price Index (CPI) and will keep pace with California's economy.

(2) The state limit will reflect school enrollment increases. Currently, the state limit -- which controls a full two-thirds of education funding -- is not adjusted for school population changes.

(3) The existing Commission on State Finance will report to taxpayers annually on how their tax dollars are being spent. The politicians should be held accountable to taxpayers!

**Q -- Will Proposition 71 raise taxes?**

A -- Absolutely not! Proposition 71 will not raise state or local taxes one penny!

It will simply enable the use of already-collected taxes to provide existing education, law enforcement and other services for a growing population.

**Q -- Proposition 71 is sponsored by "Californians for Quality Government." What is that?**

A -- It's a coalition of more than 120 major statewide organizations, united in a massive effort to bring common sense to California's government spending limits. It includes education, law enforcement, senior, health care, good government, business and transportation groups.

**Q -- Isn't there another June initiative regarding the spending limit?**

A -- Yes. It is Proposition 72 and it is tremendously different!

**Q -- Who is backing that measure?**

A -- Paul Gann, the original author of the spending limit law, and private land developers from Southern California.

**Q -- Any other major differences between the two initiatives?**

A -- Yes. The coalition initiative -- Proposition 71 -- clearly spells out the formula for updating the limit and, to ensure accountability, requires the bi-partisan Commission on State Finance to report annually to taxpayers.

Proposition 72, on the other hand, gives the power of calculating the new state limit every year exclusively to the Governor.

**Q -- This Governor?**

A -- Any Governor -- George Deukmejian, Jerry Brown or whoever!

**Q -- Back to Proposition 71, who all did you say was supporting that measure?**

A -- Just to name a few...

American Association of Retired Persons-CA  
League of Women Voters of California  
California Association of Highway Patrolmen  
Bill Honig, Superintendent of Public Instruction  
California State Sheriffs Association  
John Van de Kamp, Attorney General  
California Fire Chiefs Association  
Congress of California Seniors  
California Police Chiefs Association  
California School Boards Association  
California State PTA  
California State Board of Education  
California Nurses Association  
California Teachers Association  
California Commission on Aging  
California Medical Association

# INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

**APPROPRIATIONS LIMIT ADJUSTMENT. CONSTITUTIONAL AMENDMENT.** Constitution limits tax revenues state and local governments annually appropriate for expenditure: allows "cost of living" and "population" changes. "Cost of living" defined as lesser of change in US Consumer Price Index or per capita personal income; measure redefines as greater of change in California Consumer Price Index or per capita personal income. "State population" redefined: includes increases in K-12 or community college average daily attendance greater than state population growth. Local government "population" redefined: includes increases in residents and persons employed. Specifies motor vehicle and fuel taxes are fees not subject to appropriations limit. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: The state's appropriations limit is estimated to increase by approximately \$800 million in 1988-89 and by increasing amounts thereafter. Indeterminable effect on the appropriations limits of other public entities. Cost of Commission on State Finance report required by this measure would probably be less than \$500,000 annually.

## TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA:

We, the undersigned (signatures on reverse side), registered, qualified voters of California, residents of the County (or City and County) specified on the reverse side hereof, hereby propose amendments to the Constitution of California, relating to Article XIII-B and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed constitutional amendments read as follows:

**SECTION 1.** This amendment shall be known as the "Government Spending Limitation and Accountability Act."

**SECTION 2.** The People of the State of California find and declare that:

(1) A strong and effective constitutional limitation on government spending is necessary to guarantee accountability to taxpayers and force the politicians to set priorities and manage our tax dollars efficiently.

(2) The state and local government spending limitation contained in the California Constitution is out of date and no longer provides taxpayers with an effective tool for controlling government spending.

(3) Since its adoption in 1979, the current limit has failed to reflect the many changes in California's economy. As a result, already-collected tax revenues cannot be used to maintain the current level of education, crime prevention, public safety, and other vital public services.

(4) The current limit also has failed to reflect the changing and growing needs of California taxpayers. With 100,000 new children entering our schools each year, enrollments are increasing much faster than the overall growth in population.

(5) Adoption of this act will not increase state or local taxes or remove any funds from existing programs, including education, law enforcement, health care and senior services.

(6) Current law, assuring that the spending limit may be changed only by a vote of the people, is retained; and if the voters do raise the spending limit, that change must be voted on every four years.

(7) As taxpayers, we should be told the manner in which government is spending our hard-earned dollars. To guarantee accountability to taxpayers, the existing Commission on State Finance shall report annually to taxpayers, how state revenues are spent and the amount of the state appropriations subject to limitation. Such reports can be prepared at minimal cost, using existing information, and can be mailed to taxpayers along with other tax information.

(8) Taxes and fees on motor vehicle fuels are currently earmarked for transportation purposes and should be treated as user fees. This act properly treats them as user fees, subject to the taxpayer protections provided by Proposition 13, without adversely affecting other public services.

(9) Adjustments are necessary to update the existing spending limitation to reflect the real growth of California's economy and the needs of its citizens, and enable taxpayers to hold government accountable for the proper enforcement of this act.

**SECTION 3.** Article XIII B, Section 8(e) of the California Constitution is amended to read:

**SEC. 8(e)** "Cost of living" shall mean the Consumer Price Index for the United States as reported by the United States Department of Labor, or successor agency of the United States Government State of California as reported by the Division of Labor Statistics and Research or successor agency of the State of California; provided, however, that for purposes of Section 1, the change in the cost of living from the preceding year shall in no event exceed be less than the change in California per capita personal income from said preceding year;

**SECTION 4.** Article XIII B, Section 8(f) of the California Constitution is

amended to read:

**SEC. 8(f)** "Population" of any entity of government, other than a school district, shall be determined by a method prescribed by the Legislature, provided that such determination shall be revised, as necessary, to reflect the periodic census conducted by the United States Department of Commerce or successor agency of the United States Government. The population of any school district shall be such school district's average daily attendance as determined by a method prescribed by the Legislature. In addition, for the state, population shall include any increases in average daily attendance for the K-12 or community college system which are in excess of the percentage growth in state population. In the case of local governments other than schools, such determination shall consider increases in the number of persons employed as well as residing within the jurisdiction.

**SECTION 5.** Section 12 is hereby added to Article XIII B of the California Constitution:

**SECTION 12.** The Commission on State Finance shall report annually to the taxpayers how state revenues received during the preceding fiscal year are spent and the amount of the state's appropriations subject to limitation under the provisions of this Article.

**SECTION 6.** Section 13 is hereby added to Article XIII B of the California Constitution:

**SECTION 13.** Changes to Section 8 adopted at the time this section is added to the Constitution shall be considered effective commencing with the 1986-87 fiscal year for purposes of calculating the appropriations limit of each entity of government for the 1988-89 fiscal year and each year thereafter.

**SECTION 7.** Section 14 is hereby added to Article XIII B of the California Constitution:

**SECTION 14. (a)** For purposes of this Article, taxes and fees imposed on motor vehicles and motor vehicle fuels to the extent they are appropriated for the purposes specified in Article XIX shall be deemed user fees.

**(b)** Commencing with the 1988-89 fiscal year, the appropriations limit for each fiscal year shall be reduced by an amount equal to the amount of revenues which but for subdivision (a) would be classified as proceeds of taxes.

**(c)** In computing the appropriations limit for the 1989-90 fiscal year and succeeding fiscal years, the appropriations limit for the immediately prior fiscal year shall be determined to be the amount of the appropriations limit prior to the reduction made in subdivision (b).

**(d)** For purposes of this section, "revenues which but for subdivision (a) would be classified as proceeds of taxes" includes only those revenues which would have been generated by laws in effect at the time this section becomes effective.

**SECTION 8.** If any section, part, clause or phrase in this Article is for any reason held invalid or unconstitutional, the remaining portions of this Article shall not be affected but shall remain in full force and effect.