

City of Sacramento
State Legislature

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B I L L R E F E R R A L

DATE: FEB 26 1991 COMMITTEE ACTION: _____

TO: B. Masuska, Finance DATE: March 27, 1991

FROM: KENNETH EMANUELS, LEGISLATIVE ADVOCATE

REPLY NO LATER THAN: MAR 11 1991

A.B. ACA 6, As Amended 2-19 * Author O'Connell

S.B. _____, As Amended _____ * Author _____

*Date of introduction or latest amendment

Please review the attached measure to determine its effect upon the City of Sacramento and complete the following questions as appropriate. During your analysis of this measure, if questions arise, please feel free to contact Ken Emanuels at 444-6789, FAX 444-0303, (1400 K Street, Suite 306, Sacramento, CA 95814.) This questionnaire should be returned to the City Attorney's Office for presentation to the Council Committee on Law and Legislation. PLEASE LEAVE THE BILL ATTACHED TO THIS FORM.

NO RECOMMENDATION. If you think no Committee action on this bill should be taken, either because the bill is not of sufficient importance to the City or for any other reason, please mark here, do not fill out the rest of the form, and return this form to the City Attorney's Office. .

PLEASE TYPE YOUR RESPONSE

1. Briefly describe the provisions of the bill (attach additional sheets if necessary).

This bill reduces the vote requirement for a General Obligation bond from 2/3rds to majority if the proceeds are to be used for school construction or land acquisition or for criminal justice facilities (including associated land acquisition).

2. This measure should be: (Please circle desired position)

- Supported
- Opposed
- Supported if Amended
- Placed on Watch List
- Other (explain)

3. Please explain your reasons for the above determination, including how this measure effects your Department and the fiscal impact of this measure on the City. Please make your comments in a format that can be used in a letter to state officials. (Continue on next page or attach additional sheets if necessary.)

This bill would make it easier for the voters in the City of Sacramento to approve a General Obligation bond for the stated purposes. The City currently has identified the need for Police substations, Fire Stations, Public Safety Communication facilities and

(Continue answer to Question No. 3 here)

Public Safety Administration building, all of which would probably fall under this category. General Obligation financing is the lowest cost form of financing currently available to the City - therefore, this option would save the taxpayers money.

4. Specify the City's legislative policy guideline(s) applicable to this measure (if any).

5. If this measure could be amended to either improve its favorable aspects or to minimize its adverse aspects, which amendments would you propose?

The City has many capital financing requirements - all of which could be accomplished for less cost if General Obligation bonds could be used. Therefore, it would be recommended that the bill be broadened as much as possible to take into account other capital needs.

6. List known support or opposition to this measure by groups with which you are familiar and include addresses and phone numbers, if known. League of California Cities position:

This bill is supported by school groups such as Association of School Administration, and School Board Association. It is also supported by public safety groups such as California Police Officer's Association. It is opposed by the California Taxpayers Association (CALTAX) and Howard Jarvis Taxpayers Association.

7. Does this bill involve a State-mandated local program? If so, does the bill contain a State-mandated waiver, or an appropriation for allocation and disbursement to local agencies pursuant to Revenue and Taxation Code Section 2231?

No.

8. Using a rating scale of 1 to 10 (with 10 as the most important), how important do you think this bill is to the City of Sacramento? 9

FORM COMPLETED BY: Betty Masuda DATE: 3/27/91

AMENDED IN ASSEMBLY FEBRUARY 19, 1991

CALIFORNIA LEGISLATURE—1991-92 REGULAR SESSION

Assembly Constitutional Amendment

No. 6

Introduced by Assembly Member O'Connell
(Principal coauthor: Assembly Member Friedman)
(Coauthors: Assembly Members Alpert, Becerra, Brown,
Campbell, Chacon, Clute, Connelly, Cortese, Costa, Eaves,
Epple, Gotch, Hannigan, Hauser, Hayden, Hughes,
Lempert, Sher, Statham, and Woodruff)
(Coauthors: Senators Boatwright, Dills, Cecil Green,
Keene, Presley, Thompson, and Watson)

December 4, 1990

Assembly Constitutional Amendment No. 6—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 1 of Article XIII A thereof, and by amending Section 18 of Article XVI thereof, relating to ~~school facilities funding~~ *local government financing*.

LEGISLATIVE COUNSEL'S DIGEST

ACA 6, as amended, O'Connell. Local government facilities funds: bonds.

(1) The California Constitution limits ad valorem property taxes to 1% of the full cash value of the property, except for property taxes to pay the interest and redemption charges either on indebtedness approved by the voters prior to July 1, 1978, or on bonded indebtedness for the acquisition and improvement of real property approved on or after July 1, 1978, by $\frac{2}{3}$ of the voters voting on the proposition.

This measure would also provide an exception from the property tax limitation for property taxes to pay the interest and redemption charges on bonded indebtedness incurred by

school districts for the acquisition of real property or the construction, reconstruction, or rehabilitation of school facilities, including the furnishing and equipping thereof, approved on or after July 1, 1992, by a majority of the voters voting on the proposition. The measure would specify that the tax would not be a special tax and would authorize the exemption from the tax of certain senior citizen residences and open land. *These changes would become inoperative on December 31, 2010.*

This measure, in addition, would provide an exception from the property tax limitation for property taxes to pay the interest and redemption charges for the bonded indebtedness incurred by local governments for the construction, reconstruction, or rehabilitation of criminal justice facilities, or the acquisition of real property therefor, approved on or after July 1, 1992, by a majority of the voters voting on the proposition.

(2) The California Constitution prohibits various local governmental entities, including school districts, from incurring any indebtedness or liability that exceeds in any year the income and revenue provided for that year without the assent of $\frac{2}{3}$ of the qualified electors of that entity, voting at an election to be held for that purpose, except that the approval of only a majority of the voters is required for the approval of general obligation bonds to repair, reconstruct, or replace public school buildings determined to be structurally unsafe for school use.

This measure would require, on or after July 1, 1992, with respect to school districts, the approval of only a majority of the voters of the district for the approval of general obligation bonds for the acquisition of real property or the construction, reconstruction, or rehabilitation of school facilities, including the furnishing and equipping thereof. *These changes would become inoperative on December 31, 2010.*

(3) *The measure would make the changes described above inoperative on December 31, 2010.*

This measure, in addition, would require on or after July 1, 1992, with respect to local governments, the approval of only a majority of the voters of the district for the approval of general obligation bonds for the construction, reconstruction,

or rehabilitation of criminal justice facilities, or the acquisition of real property therefor.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

- 1 *Resolved by the Assembly, the Senate concurring, That*
2 *the Legislature of the State of California at its 1991-92*
3 *Regular Session, commencing on the third day of*
4 *December 1990, two-thirds of the members elected to*
5 *each of the two houses of the Legislature voting therefor,*
6 *hereby proposes to the people of the State of California*
7 *that the Constitution of the State be amended, as follows:*
8 *First/That Section 1 of Article XIII A thereof is*
9 *amended to read:*
10 *Section 1. (a) The maximum amount of any ad*
11 *valorem tax on real property shall not exceed one percent*
12 *(1%) of the full cash value of such property. The one*
13 *percent (1%) tax shall be collected by the counties and*
14 *apportioned according to law to the districts within the*
15 *counties.*
16 *(b) The limitation provided for in subdivision (a) shall*
17 *not apply to ad valorem taxes or special assessments to*
18 *pay the interest and redemption charges on any of the*
19 *following:*
20 *(1) Any indebtedness approved by the voters prior to*
21 *July 1, 1978.*
22 *(2) Any bonded indebtedness, not subject to*
23 *paragraph (3), for the acquisition or improvement of real*
24 *property approved on or after January 1, 1991, by*
25 *two-thirds of the votes cast by the voters voting on the*
26 *proposition.*
27 *(3) Any bonded indebtedness incurred by a school*
28 *district for the acquisition of real property or the*
29 *construction, reconstruction, or rehabilitation of school*
30 *facilities, including the furnishing and equipping thereof,*
31 *approved on or after July 1, 1992, by a majority of the*
32 *votes cast by the voters voting on the proposition.*
33 *(A) Any ad valorem tax levied pursuant to this*
34 *paragraph is not a special tax within the meaning of this*
35 *article.*

1 ~~(B)~~ As provided by the Legislature, a school district
2 may provide in the proposition for the exemption from
3 an ad valorem tax levied pursuant to this paragraph of
4 one or both of the following:

5 (i) Property that is both eligible for the homeowner's
6 exemption under subdivision ~~(k)~~ of Section 3 of Article
7 XIII and the principal residence of a person over the age
8 of 55 years who is an owner of the property.

9 (ii) Land defined as open space land for the purposes
10 of Section 8 of Article XIII.

11 ~~(C)~~ An election on a proposition authorizing an ad
12 valorem tax pursuant to this paragraph shall be held on
13 a date that is concurrent with a statewide primary or
14 general election.

15 ~~(D)~~ This paragraph shall become inoperative on
16 December 31, 2010.

17
18 *First—That Section 1 of Article XIII A thereof is*
19 *amended to read:*

20 Section 1. (a) The maximum amount of any ad
21 valorem tax on real property shall not exceed ~~One~~ one
22 percent (1%) of the full cash value of such property. The
23 one percent (1%) tax ~~to~~ shall be collected by the
24 counties and apportioned according to law to the districts
25 within the counties.

26 (b) The limitation provided for in subdivision (a) shall
27 not apply to ad valorem taxes or special assessments to
28 pay the interest and redemption charges on ~~(1)~~ any
29 indebtedness approved by the voters prior to July 1, 1978,
30 or ~~(2)~~ any of the following:

31 (1) Any indebtedness approved by the voters prior to
32 July 1, 1978.

33 (2) Any bonded indebtedness, not subject to
34 paragraph (3) or (4), for the acquisition or improvement
35 of real property approved on or after July 1, 1978, by
36 two-thirds of the votes cast by the voters voting on the
37 proposition.

38 (3) Any bonded indebtedness incurred by a school
39 district for the acquisition of real property or the
40 construction, reconstruction, or rehabilitation of school

1 facilities, including the furnishing and equipping thereof,
2 approved on or after July 1, 1992, by a majority of the
3 voters voting on the proposition.

4 (A) Any ad valorem tax levied pursuant to this
5 paragraph is not a special tax within the meaning of this
6 article.

7 (B) As provided by the Legislature, a school district
8 may provide in the proposition for the exemption from
9 an ad valorem tax levied pursuant to this paragraph of
10 one or both of the following:

11 (i) Property that is both eligible for the homeowner's
12 exemption under subdivision (k) of Section 3 of Article
13 XIII and the principal residence of a person over the age
14 of 55 years who is an owner of the property.

15 (ii) Land defined as open-space land for the purposes
16 of Section 8 of Article XIII.

17 (C) An election on a proposition authorizing an ad
18 valorem tax pursuant to this paragraph shall be held on
19 a date that is concurrent with a statewide primary or
20 general election.

21 (D) This paragraph shall become inoperative on
22 December 31, 2010.

23 (4) Any bond indebtedness incurred by a local
24 government for the construction, reconstruction, or
25 rehabilitation of criminal justice facilities or the
26 acquisition of real property therefor, approved on or after
27 July 1, 1992, by a majority of the voters voting on the
28 proposition.

29 Second—That Section 18 of Article XVI thereof is
30 amended to read:

31 SEC. 18. (a) No county, city, town, township, board
32 of education, or school district shall incur any
33 indebtedness or liability in any manner or for any
34 purpose exceeding in any year the income and revenue
35 provided for that year, without the assent of two-thirds of
36 the qualified electors voters thereof, voting at an election
37 to be held for that purpose, except that, with respect to
38 any such public entity which is authorized to incur
39 indebtedness for public school purposes, any proposition
40 for the incurrence of indebtedness in the form of general

1 obligation bonds for the purpose of repairing,
 2 reconstructing, or replacing public school buildings
 3 determined, in the manner prescribed by law, to be
 4 structurally unsafe for school use, shall be adopted upon
 5 the approval of a majority of the ~~qualified electors~~ voters
 6 of the public entity voting on the proposition at the
 7 election; nor unless, before or at the time of incurring the
 8 indebtedness, provision shall be made for the collection
 9 of an annual tax sufficient to pay the interest on the
 10 indebtedness as it falls due, and also provision to
 11 constitute a sinking fund for the payment of the principal
 12 thereof, on or before maturity, which shall not exceed
 13 forty years from the time of contracting the indebtedness
 14 ; provided, however, anything to the contrary herein
 15 notwithstanding, when two or more propositions for
 16 incurring any indebtedness or liability are submitted at
 17 the same election, the votes cast for and against each
 18 proposition shall be counted separately, and when
 19 two-thirds or a majority of the ~~qualified electors~~ voter, as
 20 the case may be, voting on any one of those propositions,
 21 vote in favor thereof, the proposition shall be deemed
 22 adopted.

23 (b) Notwithstanding subdivision (a), on or after July 1,
 24 1992, with respect to any school district, any proposition
 25 for the incurrence of indebtedness in the form of general
 26 obligation bonds for the acquisition of real property or
 27 the construction, reconstruction, or rehabilitation of
 28 school facilities, including the furnishing and equipping
 29 thereof, shall be adopted upon the approval of a majority
 30 of the ~~qualified electors~~ voters of the school district
 31 voting on the proposition at an election held for that
 32 purpose. This subdivision shall become inoperative on
 33 December 31, 2010.

34 (c) *Notwithstanding subdivision (a), on or after July 1,*
 35 *1992, with respect to any local government, any*
 36 *proposition for the incurrence of bonded indebtedness in*
 37 *the form of general obligation bonds for the construction,*
 38 *reconstruction, or rehabilitation of criminal justice*
 39 *facilities or the acquisition of real property therefor, shall*
 40 *be adopted upon the approval of a majority of the voters*

1 *of the local government voting on the proposition at an*
 2 *election held for that purpose.*