

Propositions – November 2018
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Prop. 1 – Housing – authorizes \$4 b in general obligation bonds for veterans’ and affordable housing. From bills passed by the legislature. (Any borrowing over \$300,000 must be OKed by the voters.) There’s lots of support for this, reflecting CA’s housing crisis (soaring rents, lack of affordable housing compared with people’s incomes). Opposition objects to borrowing \$, regulatory requirements, cost of construction.

Prop. 2 – Mental Health \$ (Prop. 63, 2004) OKed for use in repaying bonds for housing for mentally ill homeless people. Prop. 63 authorized an extra 1% tax on millionaires for mental health services. The legislature proposes to use a small portion (\$100-\$140 million) of this yearly income (\$1-\$1.5 billion) to repay \$2 billion in bonds for housing for mentally-ill homeless people. However, this being CA, a lawsuit has public agencies hesitant to use the money, so the legislature decided to ask the people to OK the use. Not much opposition to this one.

Prop. 3 – Water bond issue. Bond issue of almost \$9 billion for water related projects all across the state, sponsored by a coalition of agricultural and environmental interests. This follows a \$4 billion bond issue in June, sponsored by the legislature, for water-related projects – itself placed there to preempt a November bond issue of this nature – a tactic that obviously didn’t work. It has strong public support, or did in July and August in polls, to be expected with the long-term drought the state has faced, but several concerned groups are against it. The League of Women Voters objects to the lack of oversight and the priorities. *The Sacramento Bee* pointed out in its editorial that priorities are a problem, many agencies in the bill could get the \$ elsewhere, the projects named do not have to show public benefits (as previous bond issues from the legislature have required), the beneficiaries are big contributors to the campaign, and 1/3rd of the funds from water bond issues from 2000 to now have not been allocated.

Prop. 4 – Children’s Hospitals Bond Initiative. Authorizes \$1.5 billion in bonds for 7 private children’s hospitals (72% of the funds), 5 UC children’s hospitals (18% of the funds), and 10% or \$150 million to other hospitals that provide services to children. Past children’s hospitals bond issues in 2004 and 2008 were supported by the public. Positive arguments: the hospitals need up-to-date technology, and many of their patients are on Medi-Cal. On the other hand, why not budget the money, why are the taxpayers being asked to make complicated budgeting decisions, and why support the hospitals through the back door. The League of Women Voters objects to giving state funds to private facilities and says the hospitals should raise the money themselves (capital campaigns).

Prop. 5 – An exemption from Prop. 13 – this time for homebuyers 55+ or severely disabled to transfer their Prop. 13 property tax exemption to a new home of any price, located anywhere in the state, and any number of times the property owner moves. This is a significant expansion on the current exemptions, of which there are a dozen or more. Current rules allow homeowners 55+ to transfer their Prop. 13 assessment once, to a house of equal or lesser value, and within the same county (11 counties allow you to cross county lines; SB is not one of them). This proposal allows unlimited transfers, across county lines, and to a house of any value, but your property tax assessment will go up a bit with a more expensive house and down with a less expensive one. Biggest problem: the Legislative Analyst says that schools and local governments will lose \$100 million for the first few years, growing over time to \$1 billion in revenue each year.

Prop. 6 – Repeal Gas Tax Increases – also places a constitutional restriction on the legislature raising gas-related taxes again without a vote by the people. With the increase last year, CA’s gas tax is the 2nd highest in the nation

after Pennsylvania's. PA is at 77.1 cents; CA is at 73.62. The U.S. average is 48.94 cents. Republicans generally support the referendum, and it was originally intended to fire up Republican turnout in this fall's midterm elections. Four Democratic congressional candidates running in conservative areas also support it. Opponents include the Democratic party, the CA Chamber of Commerce, and many other organizations, including the League of Women Voters, who feel that the constitutional restriction on raising gasoline taxes without a vote of the public is too restrictive in a natural disaster or other emergency situation. Be careful how you vote – a YES vote means you want to get rid of the tax. A NO vote means to preserve the tax, which now raises about \$5 billion per year for road repair and construction.

Prop. 7 – Daylight Savings Time. A YES vote supports the legislature, if it votes by 2/3rds and Congress changes federal laws to allow it, to move to permanent year-round DST. A NO vote does not support permanent DST. Existing federal law allows states to be on permanent standard time (AZ) or to shift to DST on standard dates in March and November, but not to be on permanent DST. Major disadvantage of permanent DST is that school children and workers who go to work before 8 a.m. will do so in the dark in December and January. Bigger question: why are we doing this when we have so many other problems?

Prop. 8 – Dialysis Clinic Required Refunds. The SEIU put this proposition together. The proposal is for the dialysis companies to refund to the payer any revenues received over 115% of their "allowable" costs, which do not include administrative and supervisory costs. The costs are to be finally determined by the Department of Public Health (and no doubt, many lawsuits). The existing profit levels nationally are close to 20% on dialysis for the two largest companies in CA. The SEIU alleges filthy conditions and excessive profits, wants to organize the workers. The companies, medical societies, newspapers – all against this one.

Prop. 10 – Rent Control. A YES vote supports repeal of the Costa-Hawkins Act, which limits rent control presently to housing occupied before 1995, precludes it on single family houses and condos, and prohibits "vacancy control" where rents have to stay the same after the tenant moves out. With these restrictions, only 15 cities in CA have rent controls now (closest to us: LA or Santa Monica). Most economists think rent controls are bad, since they limit the incentives to build new rental housing. Scholars in other fields are more favorable. California is currently building less than half the new housing needed each year. Court rulings on existing rent control state that landlords must be allowed "a fair rate of return." If Costa-Hawkins is repealed, cities would be able to apply rent controls on newer housing and on single family homes, if desired. Many Democratic and liberal organizations favor; many Republican and business/conservative organizations are against.

Prop. 11 – Ambulance Employees Breaks. A YES vote allows ambulance employers to require employees to remain on call during meal/rest breaks. A NO vote subjects the companies to existing law and court cases, which are moving in the direction of requiring breaks with no interruptions. It is generally conceded that a break with no interruptions allowed would drive up costs by an estimated \$100 million statewide. The companies wanted legislation in Sacramento; unions were willing to give up exclusive breaks for the future, but wanted to preserve their existing lawsuits, which if they won, would pay them for past practices. LA Times – the legislature should have sorted this out, but it didn't, so it is on the ballot. Most newspapers say vote YES; SF Chronicle says vote NO and send this back to the legislature where it should have been sorted out in the first place. It's your choice.

Prop. 12 – Farm Animal Confinement Initiative, brought by the Humane Society. We did this before in 2008, without a square foot requirement. About 62% of chicken farmers now let their chickens run free; this measure would require free range for chickens and a minimum number of square feet for calves raised for veal and breeding pigs. There will be some rise in prices, but past rises have been low. The LA Times says vote YES; industry groups say NO.