



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 5/21/2018

Agenda Placement: 7A

## Napa County Legislative Subcommittee Board Agenda Letter

---

**TO:** Napa County Legislative Subcommittee  
**FROM:** Mary Booher for Minh Tran - County Executive Officer  
County Executive Office  
**REPORT BY:** Molly Rattigan, Deputy County Executive Officer - 253-4112  
**SUBJECT:** June 5, 2018 Statewide Ballot Initiatives

---

### **RECOMMENDATION**

County Executive Officer requests discussion and possible action on the Statewide and Regional Measures on the June 5, 2018 ballot.

### **EXECUTIVE SUMMARY**

County Executive Officer requests discussion and possible action on the Statewide and Regional Measures on the June 5, 2018 ballot.

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

California Secretary of State Alex Padilla has certified five statewide measures and one Bay Area regional measure to appear on the June 5, 2018 primary ballot. The Legislative Subcommittee met on May 21, 2018 to discuss the measures, recommendations will be presented at today's meeting.

**Proposition 68: California Drought, Water, Parks, Climate, Coastal Protection and Outdoor Access for All Act of 2018**

The proposition allows the state to sell a total of \$4.1 billion in general obligation bonds for various natural resources-related programs. This total includes \$4 billion in new bonds and \$100 in unsold bonds that voters previously approved for specific natural resources uses. Specifically, the bonds are broken down as follows:

- | **Natural Resource Conservation and Resiliency-\$1.547 Billion:** This includes state conservancies and wildlife conservation, climate preparedness and habitat resiliency, ocean and coastal protection, and river and waterway improvements.
- | **Parks and Recreation-\$1.283 Billion:** This includes funding to build or improve parks in neighborhoods with few to no parks, local and regional parks, state park restoration and preservation/protection, and trails and other rural recreation.
- | **Water-\$1.270 Billion:** This includes funding for flood protection, groundwater recharge and clean-up, safe drinking water and water recycling.

Much of the bond funding would be used for local government projects. It's likely Napa County will be eligible for funding through a competitive process--any direct allocations are unknown. The estimated cost to taxpayers to repay the bond would total about \$7.8 billion to pay off principal and interest (\$3.8 billion). This would result in average payments of about \$200 million annually over the next 40 years. This is currently about 1/5th of a percent of the state's current general fund budget. The LAO's Office also states that state bond funds would likely replace monies that local governments would spend on projects anyway and could result in savings to local governments to compete and fund projects.

Rural County Representatives of California: No Position  
California State Association of Counties: No Position

**Proposition 69: Motor vehicle fees and taxes: restriction on expenditures: appropriations limit**

In April 2017, the state enacted legislation, Senate Bill 1 (SB1), to increase various taxes and fees and dedicate the revenues to transportation purposes, including repairing state highways and local streets, and improving mass transit.

Proposition 69 amends the State Constitution to require that the Legislature spend revenues from the new diesel sales taxes and transportation improvement fees on transportation purposes. (This requirement also applies to existing diesel sales tax revenues--not just those imposed by SB 1.) Proposition 69 also prohibits the state from loaning out these revenues (except for cash flow purposes) and using transportation improvement fee revenues to repay state transportation bonds without voter approval. The only way to change these requirements would be for the voters to approve another constitutional amendment in the future.

Proposition 69 has no direct effect on the amount of state and local revenues or costs, as the measure does not change existing tax and fee rates.

Proposition 69 is consistent with the Napa County Legislative Platform and the Legislative Subcommittee took action on February 26, 2018 to support Proposition 69.

Rural County Representatives of California: Support  
California State Association of Counties: Support

### **Proposition 70: Greenhouse Gas Reduction Reserve Fund**

California has several programs created to reduce the amount of greenhouse gases (GHGs) that are emitted. GHGs-such as carbon dioxide-contribute to global climate change and come from various sources including gasoline powered cars and industrial activities. One California program to reduce GHGs is referred to as "cap and trade." Under this program, the state issues a limited number of permits to emit GHGs--some of these permits are sold at auction. Revenue collected from cap and trade auctions is deposited into a state fund called the Greenhouse Gas Reduction Fund. The State determines how to spend these funds and the money in the fund is generally used for state and local programs to reduce GHGs.

Proposition 70 requires that beginning on January 1, 2024, cap and trade revenue be deposited in a new state fund called the Greenhouse Gas Reduction Reserve Fund. These deposits would continue until the effective date of a bill that spends the money and is passed by a 2/3 vote in each house of the Legislature. After the effective date of the bill, future revenue would go back to being deposited in the Greenhouse Gas Reduction Fund and could be spent by a majority vote of the legislature.

California's state and local governments charge a sales tax on retail sales of most goods. Revenue from part of the sales tax goes to the state's main operating account. The part of the tax is not charged when some businesses buy certain equipment used for manufacturing and research and development. This exemption is authorized until July 1, 2030 and reduces sales tax revenue by an estimated \$250 million annually.

Proposition 70 suspends the manufacturing exemption on January 1, 2024. While the exemption is suspended, the full sales tax would be charged when businesses buy certain equipment for such things as manufacturing and research and development. The suspension would continue until the bill is passed that spends the funding from the Greenhouse Gas Reduction Reserve Fund.

Rural County Representatives of California: Support  
California State Association of Counties: No Position

### **Proposition 71: Ballot Measures Effective Date**

At statewide elections, California voters get to vote on state ballot measures that include:

- 1 State Initiatives and Referenda. These are changes to the State Constitution, changes to state laws, or bond measures proposed by citizens, who gather signatures to place these measures on the ballot.
- 1 Legislative Ballot Measures. These are changes to the State Constitution, changes to previously approved initiatives and bond measures placed on the ballot by the California Legislature.

Election officials in each county have to count every ballot, including vote-by-mail ballots received soon after Election Day. The current vote process lasts for several weeks after Election Day. After receiving results from each county, the Secretary of State certifies the formal "statement of the vote," no more than 38 days after election day.

The State Constitution provides that state initiatives and referenda and legislative ballot measures that change the State Constitution, take effect the day after the election unless the ballot measure specifies a different effective date.

Proposition 71 amends the State Constitution to acknowledge the time it takes to count votes and file the

statement of the vote and if approved, would specify that unless a date is mentioned, the measures take effect on the fifth day after the Secretary of State files the statement of the vote. This equates to approximately six weeks or no later than 43 days after Election Day.

Rural County Representatives of California: Support  
California State Association of Counties: No Position

**Proposition 72: Property Tax: new construction exclusion: Rainwater capture system**

Water is typically delivered to houses and other buildings through local public water systems and the amount of water available can vary year to year. In times of drought, it can be difficult to provide enough water for all of the state's farms, residents and businesses.

A rainwater capture system collects and stores rainwater that falls on the roof of a building through a system of pipes to direct water to storage tanks. Stored water can be used for things like watering plants and flushing toilets.

Property taxes are levied based on the value of the property. A property includes land plus any buildings or other improvements on the land. When a property owner makes an improvement to his or her property, the county assessor typically updates the property's taxable value to reflect the improvement. Past ballot measures approved by voters require that county assessors not include the value of certain types of property improvements toward a property's taxable value. Such improvements include solar panels, fire sprinklers and certain upgrades for earthquake safety.

Proposition 72 would amend the State Constitution to allow the Legislature to exclude newly constructed rainwater capture systems from a property's taxable value. Under this law, systems installed between January 1, 2019 and December 31, 2028 would not raise property tax bills. If a developer installs a system on a new building, the first buyer of the building may claim the property tax savings on the system.

Rural County Representatives of California: Support  
California State Association of Counties: No Position

**Regional Measure 3**

Regional Measure 3 (RM3) will appear on the ballot of the nine Bay Area counties. If approved, this measure would fund major roadway and public transit improvements via an increase in tolls on the Bay Area's seven state-owned bridges. They include: Antioch Bridge, Benicia-Martinez Bridge, Carquinez Bridge, Dumbarton Bridge, Richmond-San Rafael Bridge, San Francisco-Oakland Bay Bridge and San Mateo-Hayward Bridge.

RM3 specifies a toll increase of \$1 in 2019, \$1 in 2022, and \$1 in 2025. After 2025, the Bay Area Toll Authority would be allowed to adjust the RM 3 portion of the tolls to account for inflation. The funds generated would be used to fund transportation improvements including but not limited to: new BART cars, the extension of BART to Silicon Valley, widening US-101 through the Marin-Sonoma Narrows, improvements to State Route 37, the extension of Caltrain to Downtown San Francisco, more frequent and expanded ferry service, and improvements to Interstate interchanges at 80/680/State Rout 12 and 680/State Route 4. Additionally, the RM3 plan includes \$20 million for improvements to State Route 29 in South Napa County to relieve traffic congestion and improve Express Bus Service.

Rural County Representatives of California: No Position  
California State Association of Counties: No Position

**SUPPORTING DOCUMENTS**

- A . Proposition 68-Summary
- B . Proposition 69-Summary
- C . Proposition 70-Summary
- D . Proposition 71-Summary
- E . Proposition 72-Summary
- F . Regional Measure 3-Frequently Asked Questions

Recommendation: Approve

Reviewed By: Molly Rattigan