

AMENDED IN ASSEMBLY APRIL 4, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

Assembly Constitutional Amendment

No. 8

Introduced by Assembly Member Blumenfield
*(Coauthors: Assembly Members Chesbro, Jones-Sawyer, Nazarian,
Rendon, and Williams)*

February 13, 2013

Assembly Constitutional Amendment No. 8—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 local government finance.

LEGISLATIVE COUNSEL'S DIGEST

ACA 8, as amended, Blumenfield. Local government financing: voter approval.

(1) The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions.

This measure would create an additional exception to the 1% limit for a rate imposed by a city, county, city and county, or special district, as defined, to service bonded indebtedness incurred to fund specified public improvements and facilities, or buildings used primarily to provide sheriff, police, or fire protection services, that is approved by 55% of the voters of the city, county, city and county, or special district, as applicable.

(2) The California Constitution prohibits specified local government agencies from incurring any indebtedness exceeding in any year the income and revenue provided in that year, without the assent of $\frac{2}{3}$ of

the voters and subject to other conditions. In the case of a school district, community college district, or county office of education, the California Constitution permits a proposition for the incurrence of indebtedness in the form of general obligation bonds for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, to be adopted upon the approval of 55% of the voters of the district or county, as appropriate, voting on the proposition at an election.

This measure would similarly lower to 55% the voter-approval threshold for a city, county, or city and county to incur bonded indebtedness, exceeding in any year the income and revenue provided in that year, that is in the form of general obligation bonds to fund specified public improvements and facilities, or buildings used primarily to provide sheriff, police, or fire protection services.

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

1 *Resolved by the Assembly, the Senate concurring,* That the
2 Legislature of the State of California at its 2013–14 Regular
3 Session commencing on the third day of December 2012,
4 two-thirds of the membership of each house concurring, hereby
5 proposes to the people of the State of California, that the
6 Constitution of the State be amended as follows:

7 First—That Section 1 of Article XIII A thereof is amended to
8 read:

9 SECTION 1. (a) The maximum amount of any ad valorem
10 tax on real property shall not exceed 1 percent of the full cash
11 value of that property. The 1 percent tax shall be collected by the
12 counties and apportioned according to law to the districts within
13 the counties.

14 (b) The limitation provided for in subdivision (a) shall not apply
15 to ad valorem taxes or special assessments to pay the interest and
16 redemption charges on any of the following:

- 17 (1) Indebtedness approved by the voters prior to July 1, 1978.
- 18 (2) Bonded indebtedness for the acquisition or improvement of
19 real property approved on or after July 1, 1978, by two-thirds of
20 the votes cast by the voters voting on the proposition.
- 21 (3) Bonded indebtedness incurred by a school district,
22 community college district, or county office of education to fund

1 the construction, reconstruction, rehabilitation, or replacement of
2 school facilities, including the furnishing and equipping of school
3 facilities, or the acquisition or lease of real property for school
4 facilities, approved by 55 percent of the voters of the district or
5 county, as appropriate, voting on the proposition on or after
6 November 8, 2000. This paragraph shall apply only if the
7 proposition approved by the voters and resulting in the bonded
8 indebtedness includes all of the following accountability
9 requirements:

10 (A) A requirement that the proceeds from the sale of the bonds
11 be used only for the purposes specified in this paragraph and not
12 for any other purpose, including teacher and administrator salaries
13 and other school operating expenses.

14 (B) A list of the specific school facilities projects to be funded
15 and certification that the school district board, community college
16 board, or county office of education has evaluated safety, class
17 size reduction, and information technology needs in developing
18 that list.

19 (C) A requirement that the school district board, community
20 college board, or county office of education conduct an annual,
21 independent performance audit to ensure that the funds have been
22 expended only on the specific projects listed.

23 (D) A requirement that the school district board, community
24 college board, or county office of education conduct an annual,
25 independent financial audit of the proceeds from the sale of the
26 bonds until all of those proceeds have been expended for the school
27 facilities projects.

28 (4) (A) Bonded indebtedness, approved by 55 percent of the
29 voters of a city, county, city and county, or special district, as
30 applicable, voting on the proposition on or after the effective date
31 of the measure adding this paragraph, incurred by the city, county,
32 city and county, or special district to fund the construction,
33 reconstruction, rehabilitation, maintenance, replacement, or
34 earthquake repair or seismic retrofit of any of the following:

35 (i) Public improvements, including, but not limited to,
36 improvements to transportation infrastructures, streets and roads,
37 sidewalks, transit systems, highways, freeways, sewer systems,
38 water systems, wastewater systems, storm drain systems, and park
39 and recreation facilities.

1 (ii) Facilities or buildings used primarily to provide sheriff,
2 police, or fire protection services to the public, including the
3 furnishing and equipping of those facilities or buildings.

4 (B) “Special district,” for purposes of this paragraph, has the
5 same meaning as that term is used in subdivision (c) of Section 1
6 of Article XIII C, *and includes a transit district*, but does not
7 include a school district or a redevelopment agency.

8 (c) Notwithstanding any other provisions of law or of this
9 Constitution, a school district, community college district, county
10 office of education, city, county, city and county, or special district,
11 *including a transit district*, may levy a 55 percent vote ad valorem
12 tax pursuant to subdivision (b).

13 Second—That Section 18 of Article XVI thereof is amended to
14 read:

15 SEC. 18. (a) No county, city, town, township, board of
16 education, or school district, shall incur any indebtedness or
17 liability in any manner or for any purpose exceeding in any year
18 the income and revenue provided for that year, without the assent
19 of two-thirds of the voters of the public entity voting at an election
20 to be held for that purpose, except that with respect to any such
21 public entity that is authorized to incur indebtedness for public
22 school purposes, any proposition for the incurrence of indebtedness
23 in the form of general obligation bonds for the purpose of repairing,
24 reconstructing, or replacing public school buildings determined,
25 in the manner prescribed by law, to be structurally unsafe for school
26 use, shall be adopted upon the approval of a majority of the voters
27 of the public entity voting on the proposition at that election; nor
28 unless before or at the time of incurring the indebtedness, provision
29 shall be made for the collection of an annual tax sufficient to pay
30 the interest on the indebtedness as it falls due, and to provide for
31 a sinking fund for the payment of the principal thereof, on or before
32 maturity, which shall not exceed forty years from the time of
33 contracting the indebtedness.

34 (b) Notwithstanding subdivision (a), on or after November 8,
35 2000, in the case of any school district, community college district,
36 or county office of education, any proposition for the incurrence
37 of indebtedness in the form of general obligation bonds for the
38 construction, reconstruction, rehabilitation, or replacement of
39 school facilities, including the furnishing and equipping of school
40 facilities, or the acquisition or lease of real property for school

1 facilities, shall be adopted upon the approval of 55 percent of the
2 voters of the district or county, as appropriate, voting on the
3 proposition at an election. This subdivision shall apply only to a
4 proposition for the incurrence of indebtedness in the form of
5 general obligation bonds for the purposes specified in this
6 subdivision if the proposition meets all of the accountability
7 requirements of paragraph (3) of subdivision (b) of Section 1 of
8 Article XIII A.

9 (c) Notwithstanding subdivision (a), on or after the effective
10 date of the measure adding this subdivision, in the case of any city,
11 county, or city and county, any proposition to incur indebtedness
12 in the form of general obligation bonds shall be adopted by 55
13 percent of the voters of the city, county, or city and county, as
14 applicable, voting on the proposition at an election, where the
15 general obligation bonds would fund the construction,
16 reconstruction, rehabilitation, maintenance, replacement, or
17 earthquake repair or seismic retrofit of any of the following:

18 (1) Public improvements, including, but not limited to,
19 improvements to transportation infrastructures, streets and roads,
20 sidewalks, transit systems, highways, freeways, sewer systems,
21 water systems, wastewater systems, storm drain systems, and park
22 and recreation facilities.

23 (2) Facilities or buildings used primarily to provide sheriff,
24 police, or fire protection services to the public, including the
25 furnishings and equipping of those facilities or buildings.

26 (d) When two or more propositions for incurring any
27 indebtedness or liability are submitted at the same election, the
28 votes cast for and against each proposition shall be counted
29 separately, and when two-thirds or a majority or 55 percent of the
30 voters, as the case may be, voting on any one of those propositions,
31 vote in favor thereof, the proposition shall be deemed adopted.