

AMENDED IN SENATE OCTOBER 6, 2010

AMENDED IN SENATE AUGUST 17, 2009

Senate Constitutional Amendment

No. 10

Introduced by Senator ~~Ducheny~~ Ashburn
(Coauthor: Senator DeSaulnier)
(Coauthor: Assembly Member Huffman)
(Coauthors: Assembly Members Gatto and Niello)

January 26, 2009

Senate Constitutional Amendment No. 10—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 8 of, and by adding Section 8.5 to, Article II thereof, relating to initiatives; 12 of Article IV thereof, and by amending Section 20 of, and adding Section 21 to, Article XVI thereof, relating to state finance.

LEGISLATIVE COUNSEL'S DIGEST

SCA 10, as amended, ~~Ducheny~~ Ashburn. ~~Statewide initiative measures; legislative amendment.~~ State finance.

Existing provisions of the California Constitution require the Governor to submit to the Legislature, within the first 10 days of each calendar year, a proposed budget for the ensuing fiscal year containing itemized statements for recommended state expenditures and estimated state revenues. In addition, the Constitution prohibits the Legislature from passing, and the Governor from signing, a Budget Bill that would appropriate from the General Fund a total amount that, when combined with all appropriations from the General Fund for that fiscal year made as of the date of the Budget Bill's passage, and the amount of any General Fund moneys transferred to a reserve account, exceeds

estimated General Fund revenues for that fiscal year. The estimate of General Fund revenues is required to be set forth in the Budget Bill.

This measure would require the Governor, in his or her proposed budget, to identify estimated total state resources available to meet recommended state expenditures and, further, to identify the amount of those resources that are anticipated to be one-time resources. The measure would prohibit passage of a Budget Bill that appropriates an amount that, when combined with prior appropriations and transfers to the reserve account, exceeds the estimate of General Fund revenues, transfers, and balances available from the prior fiscal year. The measure would require the estimate of General Fund revenues, transfers, and balances to be set forth in the Budget Bill.

Existing provisions of the California Constitution establish the Budget Stabilization Account in the General Fund and currently require the Controller, no later than September 30 of each year, to transfer from the General Fund to the account a sum equal to 3% of the estimated amount of General Fund revenues for the current fiscal year. This transfer of moneys is not required, unless otherwise directed by the Legislature by statute, in any fiscal year to the extent that the resulting balance in the account would exceed 5% of the General Fund revenues estimate set forth in the Budget Bill for that fiscal year, as enacted, or \$8,000,000,000, whichever is greater. This transfer of moneys also may be suspended or reduced for a fiscal year as specified by an executive order issued by the Governor no later than June 1 of the preceding fiscal year. Of the moneys transferred to the account in each fiscal year, 50%, up to an aggregate amount of \$5,000,000,000 for all fiscal years, is deposited in the Deficit Recovery Bond Retirement Sinking Fund Subaccount and continuously appropriated to the Treasurer for the purpose of retiring state deficit recovery bonds. All other moneys transferred to the account in a fiscal year are not deposited in the sinking fund subaccount and may, by statute, be transferred back to the General Fund.

This measure would rename this account the Budget Stabilization Fund. This measure would also provide that the transfer of moneys from the General Fund to the Budget Stabilization Fund is not required in any fiscal year to the extent that the resulting balance in the fund would exceed 10% of the General Fund revenues estimate set forth in the Budget Bill for that fiscal year, as enacted, and would delete the alternative \$8,000,000,000 limit on the fund. This measure would provide that, apart from a transfer made for the purpose of responding

to an emergency declared by the Governor, as defined, or a loan to meet General Fund cash requirements which would be repaid within a fiscal year, the total amount that may be transferred from the Budget Stabilization Fund to the General Fund for any fiscal year shall not exceed the lesser of the shortfall amount for the current fiscal year, as defined, or 50% of the balance of the Budget Stabilization Fund, depending upon specified criteria.

In addition, this measure would create in the General Fund the Supplemental Budget Stabilization Account and would direct the Controller to transfer, on October 1 of each year beginning in 2013, from the Budget Stabilization Fund to the Supplemental Budget Stabilization Account a sum equal to 1.5% of the estimated amount of General Fund revenues for the current fiscal year, except that this transfer would not be made in a fiscal year for which the Governor issues an executive order to suspend or reduce the transfer of moneys from the General Fund to the Budget Stabilization Fund. The measure would permit appropriations to be made from the Supplemental Budget Stabilization Account only for capital outlay purposes or to retire bonded indebtedness of the state.

This measure would require the Director of Finance, on or before May 29 of each year beginning in 2014, to report to the Legislature and the Governor (1) an estimate of the amount of General Fund revenues, transfers, and balances available from the prior fiscal year for the current fiscal year, (2) the revenue forecast amount, as defined, for the current fiscal year, and (3) an estimate of specified General Fund obligations for the public schools. The measure would provide that if, pursuant to a formula based on those figures, there are unanticipated revenues in the current fiscal year, beginning in the 2013–14 fiscal year, those revenues may be used only for specified purposes, and in a specified order of priority.

~~Existing provisions of the California Constitution provide that the initiative is the power of the electors to propose statutes and amendments to the Constitution and to adopt or reject those proposals. Those provisions require the Secretary of State to submit the measure at the next general election held at least 131 days after it qualifies or at any special statewide election held prior to that general election. The Governor may also call a special statewide election on the measure.~~

~~This measure would require the Secretary of State to transmit a copy of an initiative measure certified for the ballot to each house of the Legislature no later than 176 days prior to the election at which the~~

measure is to be voted upon. Within 30 days, the Legislature may propose an amended form of the initiative measure by adopting a concurrent resolution. If the Legislature proposes an amended form of the initiative measure, the measure would provide that if the proponent, or a majority of the proponents if there is more than one proponent, of the initiative measure accepts the proposed amendments, the Legislature's proposal would appear on the ballot in place of the certified initiative measure. The measure would require that, if the amended form proposed by the Legislature is not accepted, information regarding the proposed amended form be included in the ballot materials relating to the initiative measure, as prescribed by statute.

~~The measure would make conforming election changes.~~

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

1 *RESOLVED BY THE SENATE, THE ASSEMBLY*
 2 *CONCURRING, That the Legislature of the State of California at*
 3 *its 2009–10 Regular Session commencing on the first day of*
 4 *December 2008, two-thirds of the membership of each house*
 5 *concurring, hereby proposes to the people of the State of California*
 6 *that the Constitution of the State be amended as follows:*

7 First—That Section 12 of Article IV thereof is amended to read:

8 SEC. 12. (a) Within the first 10 days of each calendar year,
 9 the Governor shall submit to the Legislature, with an explanatory
 10 message, a budget for the ensuing fiscal year containing itemized
 11 statements for recommended state expenditures and estimated *total*
 12 state ~~revenues~~ *resources available to meet those expenditures*. If
 13 recommended expenditures exceed estimated ~~revenues~~ *resources*,
 14 the Governor shall recommend the sources from which the
 15 additional ~~revenues~~ *resources* should be provided. *The itemized*
 16 *statement of estimated total state resources available to meet*
 17 *recommended expenditures submitted pursuant to this subdivision*
 18 *shall identify the amount, if any, of those resources that are*
 19 *anticipated to be one-time resources.*

20 (b) The Governor and the Governor-elect may require a state
 21 agency, officer, or employee to furnish whatever information is
 22 deemed necessary to prepare the budget.

23 (c) (1) The budget shall be accompanied by a budget bill
 24 itemizing recommended expenditures.

1 (2) The budget bill shall be introduced immediately in each
2 house by the persons chairing the committees that consider the
3 budget.

4 (3) The Legislature shall pass the budget bill by midnight on
5 June 15 of each year.

6 (4) Until the budget bill has been enacted, the Legislature shall
7 not send to the Governor for consideration any bill appropriating
8 funds for expenditure during the fiscal year for which the budget
9 bill is to be enacted, except emergency bills recommended by the
10 Governor or appropriations for the salaries and expenses of the
11 Legislature.

12 (d) No bill except the budget bill may contain more than one
13 item of appropriation, and that for one certain, expressed purpose.
14 Appropriations from the General Fund of the State, except
15 appropriations for the public schools, are void unless passed in
16 each house by rollcall vote entered in the journal, two-thirds of
17 the membership concurring.

18 (e) The Legislature may control the submission, approval, and
19 enforcement of budgets and the filing of claims for all state
20 agencies.

21 (f) For the 2004–05 fiscal year, or any subsequent fiscal year,
22 the Legislature may not send to the Governor for consideration,
23 nor may the Governor sign into law, a budget bill that would
24 appropriate from the General Fund, for that fiscal year, a total
25 amount that, when combined with all appropriations from the
26 General Fund for that fiscal year made as of the date of the budget
27 bill’s passage, and the amount of any General Fund moneys
28 transferred to the Budget Stabilization ~~Account~~ *Fund* for that fiscal
29 year pursuant to Section 20 of Article XVI, exceeds General Fund
30 revenues, *transfers, and balances available from the prior fiscal*
31 *year* for that fiscal year estimated as of the date of the budget bill’s
32 passage. That estimate of General Fund revenues, *transfers, and*
33 *balances* shall be set forth in the budget bill passed by the
34 Legislature.

35 Second—That Section 12 of Article IV thereof, as amended by
36 Proposition 25 at the November 2, 2010, statewide general election,
37 is amended to read:

38 SEC. 12. (a) Within the first 10 days of each calendar year,
39 the Governor shall submit to the Legislature, with an explanatory
40 message, a budget for the ensuing fiscal year containing itemized

1 statements for recommended state expenditures and estimated *total*
2 ~~state-revenues~~ *resources available to meet those expenditures*. If
3 recommended expenditures exceed estimated ~~revenues~~ *resources*,
4 the Governor shall recommend the sources from which the
5 additional ~~revenues~~ *resources* should be provided. *The itemized*
6 *statement of estimated total state resources available to meet*
7 *recommended expenditures submitted pursuant to this subdivision*
8 *shall identify the amount, if any, of those resources that are*
9 *anticipated to be one-time resources*.

10 (b) The Governor and the Governor-elect may require a state
11 agency, officer, or employee to furnish whatever information is
12 deemed necessary to prepare the budget.

13 (c) (1) The budget shall be accompanied by a budget bill
14 itemizing recommended expenditures.

15 (2) The budget bill shall be introduced immediately in each
16 house by the persons chairing the committees that consider the
17 budget.

18 (3) The Legislature shall pass the budget bill by midnight on
19 June 15 of each year.

20 (4) Until the budget bill has been enacted, the Legislature shall
21 not send to the Governor for consideration any bill appropriating
22 funds for expenditure during the fiscal year for which the budget
23 bill is to be enacted, except emergency bills recommended by the
24 Governor or appropriations for the salaries and expenses of the
25 Legislature.

26 (d) No bill except the budget bill may contain more than one
27 item of appropriation, and that for one certain, expressed purpose.
28 Appropriations from the General Fund of the State, except
29 appropriations for the public schools and appropriations in the
30 budget bill and in other bills providing for appropriations related
31 to the budget bill, are void unless passed in each house by rollcall
32 vote entered in the journal, two-thirds of the membership
33 concurring.

34 (e) (1) Notwithstanding any other provision of law or of this
35 Constitution, the budget bill and other bills providing for
36 appropriations related to the budget bill may be passed in each
37 house by rollcall vote entered in the journal, a majority of the
38 membership concurring, to take effect immediately upon being
39 signed by the Governor or upon a date specified in the legislation.
40 Nothing in this subdivision shall affect the vote requirement for

1 appropriations for the public schools contained in subdivision (d)
2 of this section and in subdivision (b) of Section 8 of this article.

3 (2) For purposes of this section, “other bills providing for
4 appropriations related to the budget bill” shall consist only of bills
5 identified as related to the budget in the budget bill passed by the
6 Legislature.

7 (f) The Legislature may control the submission, approval, and
8 enforcement of budgets and the filing of claims for all state
9 agencies.

10 (g) For the 2004–05 fiscal year, or any subsequent fiscal year,
11 the Legislature may not send to the Governor for consideration,
12 nor may the Governor sign into law, a budget bill that would
13 appropriate from the General Fund, for that fiscal year, a total
14 amount that, when combined with all appropriations from the
15 General Fund for that fiscal year made as of the date of the budget
16 bill’s passage, and the amount of any General Fund moneys
17 transferred to the Budget Stabilization ~~Account~~ *Fund* for that fiscal
18 year pursuant to Section 20 of Article XVI, exceeds General Fund
19 revenues, *transfers, and balances available from the prior fiscal*
20 *year* for that fiscal year estimated as of the date of the budget bill’s
21 passage. That estimate of General Fund revenues, *transfers, and*
22 *balances* shall be set forth in the budget bill passed by the
23 Legislature.

24 (h) Notwithstanding any other provision of law or of this
25 Constitution, including subdivision (c) of this section, Section 4
26 of this article, and Sections 4 and 8 of Article III, in any year in
27 which the budget bill is not passed by the Legislature by midnight
28 on June 15, there shall be no appropriation from the current budget
29 or future budget to pay any salary or reimbursement for travel or
30 living expenses for Members of the Legislature during any regular
31 or special session for the period from midnight on June 15 until
32 the day that the budget bill is presented to the Governor. No salary
33 or reimbursement for travel or living expenses forfeited pursuant
34 to this subdivision shall be paid retroactively.

35 Third—That Section 20 of Article XVI thereof is amended to
36 read:

37 SEC. 20. (a) The *Budget Stabilization Fund and the*
38 *Supplemental Budget Stabilization Account* ~~is~~ *are* hereby created
39 in the General Fund.

1 (b) In each fiscal year as specified in paragraphs (1) to (3),
2 inclusive, the Controller shall transfer from the General Fund to
3 the Budget Stabilization ~~Account~~ *Fund* the following amounts:

4 (1) No later than September 30, 2006, a sum equal to 1 percent
5 of the estimated amount of General Fund revenues for the 2006–07
6 fiscal year.

7 (2) No later than September 30, 2007, a sum equal to 2 percent
8 of the estimated amount of General Fund revenues for the 2007–08
9 fiscal year.

10 (3) No later than September 30, 2008, and annually thereafter,
11 *through 2012*, a sum equal to 3 percent of the estimated amount
12 of General Fund revenues for the current fiscal year.

13 (4) *On September 23, 2013, and on September 23 annually*
14 *thereafter, a sum equal to 3 percent of the estimated amount of*
15 *General Fund revenues for the current fiscal year.*

16 (c) The transfer of moneys shall not be required by subdivision
17 (b) in any fiscal year to the extent that the resulting balance in the
18 ~~account~~ *Budget Stabilization Fund* would exceed ~~5~~ 10 percent of
19 the General Fund revenues estimate set forth in the budget bill for
20 that fiscal year, as enacted, ~~or eight billion dollars~~
21 ~~(\$8,000,000,000), whichever is greater.~~ The Legislature may, by
22 statute, direct the Controller, for one or more fiscal years, to
23 transfer into the ~~account~~ *Budget Stabilization Fund* amounts in
24 excess of the levels prescribed by this subdivision.

25 (d) Subject to any restriction imposed by this section, funds
26 transferred to the *Budget Stabilization Fund or the Supplemental*
27 *Budget Stabilization Account* shall be deemed to be General Fund
28 revenues for all purposes of this Constitution.

29 (e) The transfer of moneys from the General Fund to the Budget
30 Stabilization ~~Account~~ *Fund* may be suspended or reduced for a
31 fiscal year as specified by an executive order issued by the
32 Governor no later than ~~June 1 of the preceding fiscal year~~ *the date*
33 *of the transfer set forth in subdivision (b).* For a fiscal year
34 *commencing on or after July 1, 2013, this subdivision shall be*
35 *operative only if a transfer of moneys from the Budget Stabilization*
36 *Fund to the General Fund is authorized pursuant to paragraph*
37 *(1) of subdivision (g).*

38 (f) (1) Of the moneys transferred to the ~~account~~ *Budget*
39 *Stabilization Fund* in each fiscal year, 50 percent, up to the
40 aggregate amount of five billion dollars (\$5,000,000,000) for all

1 fiscal years, shall be deposited in the Deficit Recovery Bond
2 Retirement Sinking Fund Subaccount, which is hereby created in
3 the ~~account~~ *Budget Stabilization Fund* for the purpose of retiring
4 deficit recovery bonds authorized and issued as described in
5 Section 1.3, in addition to any other payments provided for by law
6 for the purpose of retiring those bonds. The moneys in the sinking
7 fund subaccount are continuously appropriated to the Treasurer to
8 be expended for that purpose in the amounts, at the times, and in
9 the manner deemed appropriate by the Treasurer. Any funds
10 remaining in the sinking fund subaccount after all of the deficit
11 recovery bonds are retired shall be transferred to the ~~account~~
12 *Budget Stabilization Fund*, and may be transferred to the General
13 Fund pursuant to paragraph (2).

14 (2) All other funds transferred to the ~~account~~ *Budget*
15 *Stabilization Fund* in a fiscal year shall not be deposited in the
16 sinking fund subaccount and may, ~~by statute~~, be transferred to the
17 General Fund *by statute pursuant to subdivision (g) or (h)*.

18 (g) (1) *Subject to paragraph (2), the total amount that may be*
19 *transferred from the Budget Stabilization Fund to the General*
20 *Fund pursuant to this subdivision for any fiscal year shall not*
21 *exceed the lesser of the following:*

22 (A) *The shortfall amount for the current fiscal year.*

23 (B) *Fifty percent of the balance of the Budget Stabilization Fund.*

24 (2) *If a transfer was made pursuant to this subdivision in both*
25 *the prior fiscal year and the fiscal year immediately preceding*
26 *that year, the total amount that may be transferred from the Budget*
27 *Stabilization Fund to the General Fund pursuant to this subdivision*
28 *for the current fiscal year shall not exceed the shortfall amount*
29 *for the current fiscal year.*

30 (3) *For purposes of this subdivision, the “shortfall amount for*
31 *the current fiscal year” is the amount derived by subtracting the*
32 *General Fund revenues, transfers, and balances available from*
33 *the prior fiscal year for that fiscal year from the expenditure*
34 *forecast amount for the current fiscal year.*

35 (4) *For purposes of this subdivision, “General Fund revenues,*
36 *transfers, and balances available from the prior fiscal year for*
37 *that fiscal year” does not include revenues transferred from the*
38 *General Fund to the Budget Stabilization Fund pursuant to*
39 *subdivision (b) for that fiscal year.*

1 (5) For purposes of this subdivision, Section 21, and Section
2 12 of Article IV, “balances available from the prior fiscal year for
3 that fiscal year” means the funds in the Special Fund for Economic
4 Uncertainties, or a successor fund, as of June 30 of the prior fiscal
5 year. “The prior fiscal year” means the immediately preceding
6 fiscal year.

7 (6) For purposes of this subdivision and Section 21, the
8 “expenditure forecast amount” for the current fiscal year is the
9 total General Fund expenditures for the prior fiscal year adjusted
10 for the change in population of the State, as defined in Section 8
11 of Article XIII B, and the change in the cost of living for the State,
12 as measured by the California Consumer Price Index, between the
13 prior fiscal year and the current fiscal year.

14 (7) For purposes of this subdivision, “total General Fund
15 expenditures for the prior fiscal year” does not include the
16 expenditure of funds transferred pursuant to subdivision (h), or
17 the expenditure of unanticipated revenues pursuant to paragraph
18 (3) or (4) of subdivision (c) of Section 21.

19 (h) Any funds necessary for the purpose of responding to an
20 emergency declared by the Governor may be transferred from the
21 Budget Stabilization Fund to the General Fund by statute. For
22 purposes of this subdivision, “emergency” has the same meaning
23 as set forth in paragraph (2) of subdivision (c) of Section 3 of
24 Article XIII B.

25 (i) In addition to any transfer authorized by this section, funds
26 in the Budget Stabilization Fund or the Supplemental Budget
27 Stabilization Account may be loaned to meet General Fund cash
28 requirements on the condition that the funds are repaid within the
29 same fiscal year in which the loan is made.

30 (j) (1) Except as provided in paragraph (3), on October 1, 2013,
31 and on October 1 annually thereafter, the Controller shall transfer
32 from the Budget Stabilization Fund to the Supplemental Budget
33 Stabilization Account a sum equal to 1.5 percent of the estimated
34 amount of General Fund revenues for the current fiscal year.

35 (2) Funds in the Supplemental Budget Stabilization Account
36 may be appropriated only for the purposes set forth in
37 subparagraphs (B) and (C) of paragraph (4) of subdivision (c) of
38 Section 21.

39 (3) Paragraph (1) shall not be operative in a fiscal year for
40 which the Governor issues an executive order pursuant to

1 *subdivision (e) to suspend or reduce the transfer of moneys from*
2 *the General Fund to the Budget Stabilization Fund.*

3 Fourth—That Section 21 is added to Article XVI thereof, to
4 read:

5 SEC. 21. (a) On or before May 29, 2014, and on or before
6 May 29 of each year thereafter, the Director of Finance shall do
7 all of the following, reporting the result in each case to the
8 Legislature and the Governor:

9 (1) Separately estimate General Fund revenues, transfers, and
10 balances available from the prior fiscal year for the current fiscal
11 year.

12 (2) Determine the revenue forecast amount for the current fiscal
13 year in the manner set forth in subdivision (d).

14 (3) Estimate the amount, as of that date, of any General Fund
15 obligations arising under Section 8 for the current fiscal year,
16 including any maintenance factor allocation for the current fiscal
17 year required pursuant to subdivision (e) of Section 8, that are
18 attributable to unanticipated revenues in the current fiscal year.

19 (b) (1) Except as provided in paragraph (2), “unanticipated
20 revenues” for a fiscal year, for purposes of this section, shall be
21 the lesser of the following:

22 (A) Estimated General Fund revenues for the current fiscal year
23 reported pursuant to paragraph (1) of subdivision (a) minus the
24 revenue forecast amount for the current fiscal year.

25 (B) Estimated General Fund revenues, transfers, and balances
26 available from the prior fiscal year for the current fiscal year
27 reported pursuant to paragraph (1) of subdivision (a) minus the
28 expenditure forecast amount for the current fiscal year determined
29 pursuant to paragraph (6) of subdivision (g) of Section 20.

30 (2) If the amount determined pursuant to paragraph (1) is less
31 than zero, the amount of unanticipated revenues shall be zero.

32 (c) Unanticipated revenues, as determined pursuant to this
33 section, may be used only as follows:

34 (1) Unanticipated revenues shall be appropriated to satisfy any
35 General Fund obligations arising under Section 8 for the current
36 fiscal year, as estimated pursuant to paragraph (3) of subdivision
37 (a).

38 (2) Any unanticipated revenues that remain after deducting, in
39 accordance with paragraph (1), the amount of the estimate required
40 by paragraph (3) of subdivision (a) shall be transferred by the

1 Controller no later than June 27 of the current fiscal year to the
2 Budget Stabilization Fund, not exceeding the amount needed to
3 increase the balance in the fund to an amount equal to 10 percent
4 of the General Fund revenues estimate set forth in the budget bill
5 for that fiscal year, as enacted. Notwithstanding any other provision
6 of this Constitution:

7 (A) If the Director of Finance determines at any time that the
8 total amount of General Fund obligations arising under Section 8
9 for a fiscal year, including any maintenance factor allocation for
10 that fiscal year required pursuant to subdivision (e) of Section 8,
11 exceeds the total amount of those General Fund obligations as
12 calculated for that fiscal year for purposes of the estimate required
13 by paragraph (3) of subdivision (a), he or she shall so report to the
14 Legislature, the Governor, and the Controller. The Controller shall
15 thereupon transfer funds in the amount of that difference from the
16 Budget Stabilization Fund to the General Fund, and the funds so
17 transferred shall be appropriated only for purposes of funding the
18 additional amount of General Fund obligations under Section 8
19 determined pursuant to this paragraph.

20 (B) If the Director of Finance determines at any time that the
21 total amount of General Fund obligations arising under Section 8
22 for a fiscal year, including any maintenance factor allocation for
23 that fiscal year required pursuant to subdivision (e) of Section 8,
24 is less than the total amount of those General Fund obligations as
25 calculated for that fiscal year for purposes of the estimate required
26 by paragraph (3) of subdivision (a), he or she shall so report to the
27 Legislature, the Governor, and the Controller. The Controller shall
28 thereupon transfer funds in the amount of that difference from the
29 General Fund to the Budget Stabilization Fund, not exceeding the
30 amount needed to increase the balance in the latter fund to an
31 amount equal to 10 percent of the estimate of General Fund
32 revenues as set forth in the enacted budget bill for that fiscal year.

33 (3) Any unanticipated revenues remaining after any
34 appropriations and transfers described in paragraphs (1) and (2)
35 shall be appropriated to retire outstanding budgetary obligations.
36 For purposes of this paragraph, “budgetary obligations” means
37 any of the following:

38 (A) Unfunded General Fund obligations pursuant to Section 8
39 for one or more prior fiscal years.

1 (B) Any repayment obligations created by the suspension of
2 subparagraph (A) of paragraph (1) of subdivision (a) of Section
3 25.5 of Article XIII.

4 (C) Any repayment obligations created by the suspension of
5 subdivision (a) of Section 1 of Article XIX B.

6 (D) Bonded indebtedness authorized pursuant to Section 1.3.

7 (4) Any unanticipated revenues remaining after any
8 appropriations and transfers described in paragraphs (1), (2), and
9 (3) are made to retire all outstanding budgetary obligations shall
10 be used for one or more of the following purposes:

11 (A) Transfer by statute to the Budget Stabilization Fund.

12 (B) Appropriation for one-time infrastructure or other capital
13 outlay purposes.

14 (C) Appropriation to retire, redeem, or defease outstanding
15 general obligation or other bonded indebtedness of the State.

16 (D) Return to taxpayers within the current or immediately
17 following fiscal year by a one-time revision of tax rates, or by
18 rebates.

19 (E) Appropriation for unfunded liabilities for vested nonpension
20 benefits for state annuitants.

21 (d) For the 2013–14 fiscal year, and for each fiscal year
22 thereafter, the revenue forecast amount shall be determined as
23 follows:

24 (1) The General Fund revenues for the current fiscal year shall
25 be forecast by extrapolating from the trend line derived by a linear
26 regression of General Fund revenues as a function of fiscal year
27 for the period of the 20 preceding fiscal years. For purposes of this
28 paragraph, General Fund revenues shall exclude both of the
29 following:

30 (A) The General Fund revenue effect of a change in state taxes
31 that affects General Fund revenues for less than the entire period
32 of the 20 preceding fiscal years.

33 (B) Any proceeds of bonds authorized by subdivision (a) of
34 Section 1.3.

35 (2) The amount forecast pursuant to paragraph (1) shall be
36 increased or decreased, as applicable, to reflect the net current
37 fiscal year General Fund revenue effect of a change in state taxes
38 for which General Fund revenue effects were excluded pursuant
39 to subparagraph (A) of paragraph (1).

1 Fifth—That if Proposition 25 is not approved by the voters at
2 the November 2, 2010, statewide general election, the amendments
3 to Section 12 of Article IV of the California Constitution proposed
4 by the first section of this measure, and not the amendments to
5 Section 12 of Article IV proposed by the second section of this
6 measure, shall be submitted to the electors by the Secretary of
7 State. If Proposition 25 is approved by the voters at the November
8 2, 2010, statewide general election, the amendments to Section 12
9 of Article IV of the California Constitution proposed by the second
10 section of this measure, and not the amendments to Section 12 of
11 Article IV proposed by the first section of this measure, shall be
12 submitted to the electors by the Secretary of State.

13 ~~Resolved by the Senate, the Assembly concurring, That the~~
14 ~~Legislature of the State of California at its 2009–10 Regular~~
15 ~~Session commencing on the first day of December 2008, two-thirds~~
16 ~~of the membership of each house concurring, hereby proposes to~~
17 ~~the people of the State of California that the Constitution of the~~
18 ~~State be amended as follows:~~

19 First—That Section 8 of Article II thereof is amended to read:

20 SEC. 8. (a) ~~The initiative is the power of the electors to~~
21 ~~propose statutes and amendments to the Constitution and to adopt~~
22 ~~or reject them.~~

23 ~~(b) An initiative measure may be proposed by presenting to the~~
24 ~~Secretary of State a petition that sets forth the text of the proposed~~
25 ~~statute or amendment to the Constitution and is certified to have~~
26 ~~been signed by electors equal in number to 5 percent in the case~~
27 ~~of a statute, and 8 percent in the case of an amendment to the~~
28 ~~Constitution, of the votes for all candidates for Governor at the~~
29 ~~last gubernatorial election.~~

30 ~~(c) The Secretary of State shall then submit the measure at the~~
31 ~~next general election held at least 176 days after it qualifies or at~~
32 ~~any special statewide election held prior to that general election.~~
33 ~~The Governor may call a special statewide election for the measure.~~

34 ~~(d) An initiative measure embracing more than one subject may~~
35 ~~not be submitted to the electors or have any effect.~~

36 ~~(e) An initiative measure may not include or exclude any~~
37 ~~political subdivision of the State from the application or effect of~~
38 ~~its provisions based upon approval or disapproval of the initiative~~
39 ~~measure, or based upon the casting of a specified percentage of~~

1 votes in favor of the measure, by the electors of that political
2 subdivision.

3 (f) ~~An initiative measure may not contain alternative or~~
4 ~~cumulative provisions wherein one or more of those provisions~~
5 ~~would become law depending upon the casting of a specified~~
6 ~~percentage of votes for or against the measure.~~

7 ~~Second—That Section 8.5 is added to Article II thereof, to read:~~

8 ~~SEC. 8.5. (a) (1) The Secretary of State shall transmit a copy~~
9 ~~of each initiative measure certified for the ballot to each house of~~
10 ~~the Legislature not later than 176 days prior to the date of the~~
11 ~~election at which the measure is to be voted upon.~~

12 ~~(2) Not later than 30 days after both houses of the Legislature~~
13 ~~receive a copy of a certified initiative measure pursuant to~~
14 ~~paragraph (1), the Legislature may propose one amended form of~~
15 ~~the measure by a concurrent resolution adopted by each house, a~~
16 ~~majority of the membership concurring.~~

17 ~~(3) An amended form of a certified initiative measure proposed~~
18 ~~by the Legislature shall address only the subject matter addressed~~
19 ~~by the certified initiative measure.~~

20 ~~(b) Immediately upon adoption of the concurrent resolution~~
21 ~~proposing an amended form of the certified initiative measure, the~~
22 ~~Legislature shall deliver it to both the proponent of the measure~~
23 ~~and the Secretary of State. If the proponent, or a majority of the~~
24 ~~proponents if there is more than one proponent, accepts the~~
25 ~~amended form proposed in the concurrent resolution not later than~~
26 ~~131 days prior to the date of the election at which the certified~~
27 ~~initiative measure is to be voted upon, the amended form shall be~~
28 ~~placed on the ballot in place of the proposal set forth in the certified~~
29 ~~initiative measure. If the proposed amended form is not accepted~~
30 ~~by that date, that substitution shall not occur, but information~~
31 ~~regarding the proposed amended form shall be included in the~~
32 ~~ballot materials relating to the initiative measure, as may be~~
33 ~~prescribed by statute.~~

34 ~~(c) For purposes of this section, “proponent” means a person~~
35 ~~or entity that presented the Secretary of State with a petition for~~
36 ~~an initiative measure that has been certified pursuant to subdivision~~
37 ~~(b) of Section 8.~~