

**OFFICE OF MAYOR JERRY SANDERS****MEMORANDUM**

DATE: September 17, 2010

TO: Mayor Jerry Sanders, City Council

FROM: Job Nelson, Director Intergovernmental Relations 

RE: November 2010 State Ballot Measures

In determining our recommendation as to whether or not the City should support or oppose a given ballot measure, the Intergovernmental Relations Department generally applied the criteria that were used as a guide in establishing the City's legislative priorities:

1. Does the proposal provide significant revenues or funding opportunities to the City?
2. Does the proposal provide significant cost savings if enacted?
3. Does the proposal enhance public safety?
4. Does the proposal provide the City with greater ability or flexibility to provide municipal services to its citizens?
5. Does the proposal limit or enhance local control?

These criteria do not prohibit individual Councilmembers or the Mayor from taking an individual position of support or opposition to any ballot measure.

Proposition 19: The Marijuana Legalization Initiative

Prop 19 will legalize various marijuana related activities including possession, cultivation and transportation for personal use for people over the age of 21. It also would allow local governments to regulate these activities and permit local governments to collect marijuana-related fees and taxes. Proponents of the measure argue financial savings due to the reduction of individuals incarcerated for possession- RAND study result in \$300 million in law enforcement costs statewide. It is supported by the NAACP, the Libertarian and Green Parties and various ACLU chapters.

Opponents argue that it will increase substance abuse problems statewide and create numerous conflicts with federal laws. It is opposed by the California Police Chiefs Association, the League of California Cities, Mothers Against Drunk Driving (MADD) and the Coalition for a Drug-Free California.

IRD Recommendation: *Oppose*

It is IRD's recommendation that the City of San Diego should follow the lead of the California Police Chiefs Association, California District Attorneys Association, California Peace Officer's Association and the League of California Cities and oppose this proposition due to the potential for substance abuse and criminal activity. Any financial benefit would be offset by the increased costs of enforcing the new regulations that would need to be promulgated by local governments. There are considerable public safety issues surrounding this initiative therefore this meets the IRD criteria for support or opposition.

Proposition 20: Congressional Redistricting

This initiative will expand the scope of the previously adopted Prop 11 redistricting commission to include congressional districts.

IRD Recommendation: *No Position*

This measure does not meet the criteria for a formal city position. The City took no position on Prop 11.

Proposition 21: Vehicle License Fee for Parks

This measure proposes an \$18 increase in Vehicle License Fee to fund the state's 278 parks. This fee would raise approximately \$500 million annually. This would free up approximately \$130 million in general fund money that is used currently to fund state parks for other budget uses.

IRD Recommendation: *No Position*

This measure does not meet the criteria for a formal city position. No local impacts for funding--strictly a state budget issue.

Proposition 22: Ban on State Borrowing from Local Governments

The Mayor and City Council have been leaders in pushing this initiative forward. The City has already taken an official **support** position on this initiative.

Proposition 23: The Suspension of AB 32

This proposition if passed would suspend AB 32 (the Global Warming Act of 2006) until statewide unemployment drops below 5.5% for four consecutive quarters. AB 32 requires that greenhouse gas emissions be cut to 1990 levels by 2020. Proponents argue that the implementation of AB 32 during the midst of a recession will only make the job situation worse. The Proposition is supported by the California Manufacturers & Technology Association, California Small Business Association, California State Pipe Trades Council (AFL-CIO) and the National Taxpayers Union.

The opponents argue that AB 32 is important not only in response to global climate change but also to spur clean technology investment and development. The Legislative Analyst's Office has noted that suspending AB 32 would harm investments in clean technology companies and innovation.

San Diego has a vibrant and growing clean technology cluster that faces significant harm if AB 32 is suspended. Prop 23 is opposed by the American Lung Association, American Federation of State, County and Municipal Employees (AFSCME), Natural Resources Defense Council and CleanTECH San Diego.

It should be noted, while it is unknown at this time, AB 32 has the potential to impose additional regulatory burdens and their accompanying costs on the city. No analysis exists at this time to determine what the impact of those regulations might be.

IRD Recommendation: *Oppose*

This measure has the potential to negatively impact a key economic cluster within the City of San Diego. Additionally, the City has a long legislative history of taking steps to reduce greenhouse gas emissions in an effort to address climate change. For this reason we recommend an oppose position.

Proposition 24: Repeal of Corporate Tax Breaks

The Proposition would seek to roll back a number of tax breaks passed in 2009 to stimulate the state's economy. Those breaks include: the "single-sales factor" (SSF), loss carry-backs and tax credit sharing. The regions business organizations were highly supportive of these tax breaks because they enable the region to retain and grow a number of our high tech, life science and biotech companies.

The decision to adopt SSF was bolstered by more than two dozen economist reports and scholarly journals that identified corporate tax burdens as a statistically significant factor in decisions by companies to deploy their ever more precious financial resources. Eliminating SSF will not allow California to remain competitive with the more than 20 other States who have already implemented SSF.

Proponents of this measure argue that the tax breaks need to be repealed in an effort to increase state revenues by approximately \$1 billion and plug the state's budget hole. Supporters include the California Teachers Association, American Federation of State, County and Municipal Employees (AFSCME) and California Professional Firefighters.

Opponents argue that the initiative taxes new job creation at a time when unemployment hovers over 12%. Opponents include the California Taxpayers' Association, California Business Roundtable, California Chamber of Commerce and BIOCUM.

IRD Recommendation: *Oppose*

This measure has the potential to negatively impact a number of key economic clusters within the City of San Diego including high tech, biotech, cleantech and other innovation clusters. As the City wrestles with double digit unemployment, we feel it would be unwise to support a proposition that could lead to an exodus of jobs from the region.

Proposition 25: Majority Vote for Legislature to Pass the Budget

This constitutional amendment lowers the threshold to pass the state budget from two-thirds to a simple majority. It also requires state legislators to forfeit their pay in years when they fail to pass the budget on time. Proponents argue that it breaks the gridlock by allowing a simple majority to pass a bill just like in 47 other states. Opponents argue that the constitutional amendment would allow tax increases to be passed by a simple majority as well.

IRD Recommendation: *Oppose*

This measure has the potential to increase the likelihood of raids on local government funds. In the last two budgets it was the minority party that held the line against greater takes of local government money. A fast budget does not guarantee a good budget.

Proposition 26: Supermajority Vote to Pass New Taxes and Fees

Is a California constitutional amendment that will require a two-thirds supermajority vote in the legislature to pass many fees and require many local fees to be relabeled a tax and thus requiring a public vote. This proposal is being pushed by Chamber in response to recent legislative maneuverings to reclassify taxes as fees thus eliminating the two-thirds requirement. The initiative is being opposed by the League of California Cities due to the negative impacts to local control and the detrimental impacts to local budgets.

IRD Recommendation: *Oppose*

This constitution amendment significantly degrades local control and makes it difficult for local governments to even seek increases for cost recovery without going to an expensive public vote.

Proposition 27: Elimination of Citizen Redistricting Commission

This initiative seeks to repeal Proposition 11 which created the California Citizens Redistricting Commission.

IRD Recommendation: *No Position*

This measure does not meet the criteria for a formal city position. The City took no position on Prop 11.

Cc: Jay Goldstone, COO
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