



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 18-734, Version: 1

Adopt positions in support of Propositions 2: No Place Like Home; in support of Proposition 3: Water Bond; and in opposition to Proposition 6: Gas Tax Repeal, which will appear on the November 6, 2018 ballot.

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt positions in support of Propositions 2: No Place Like Home; in support of Proposition 3: Water Bond; and in opposition to Proposition 6: Gas Tax Repeal, which will appear on the November 6, 2018 ballot.

SUMMARY

The Board's Legislative Committee was scheduled to meet on July 9th to review and make recommendations to the Board of Supervisors on a number of statewide ballot measures appearing on the November 6, 2018 ballot. Due to scheduling conflicts the July 9th meeting has not yet been rescheduled. In the interest of time, and at the request of the Board Chair, it is recommended that the Board take direct action on three (3) of these measures - Propositions 2 (support), Proposition 3 (support), and Proposition 6 (oppose). The Board took action to support Proposition 1, the Veterans Housing Bond, at their July 10th meeting. The Legislative Committee will consider the remainder of the November ballot measures at their next meeting, date to be determined.

DISCUSSION

Proposition 2 - No Place Like Home Act of 2018 - SUPPORT

The Use Millionaire's Tax Revenue for Homelessness Prevention Housing Bonds Measure

Propositions 2 would authorize the state to use revenue from Proposition 63 ([2004 <https://ballotpedia.org/California_2004_ballot_propositions>](https://ballotpedia.org/California_2004_ballot_propositions))-a 1 percent tax on income above \$1 million for mental health services-on \$2 billion in revenue bonds for homelessness prevention housing for persons in need of mental health services.

The California State Legislature passed legislation to spend revenue from Proposition 63 on revenue bonds for homelessness prevention housing in 2016. The legislation, however, did not go into effect because of pending litigation over whether revenue from the millionaire's tax could be spent on homelessness prevention housing. Unlike general obligation bonds, revenue bonds do not require a public vote in California. Proposition 2 was referred to the ballot because the revenue for the bond would come from a tax that was created through a ballot initiative, Proposition 63. In California, changes to ballot initiatives require a vote of the public.

Proposition 63 is estimated to generate \$2.23 billion in the fiscal year 2018-2019.

Proposition 3 - Water Bond - SUPPORT

The California Water Infrastructure and Watershed Conservation Bond Initiative

Proposition 3 would issue \$8.877 billion in general obligation bonds for water infrastructure, groundwater supplies and storage, surface water storage and dam repairs, watershed and fisheries improvements, and habitat protection and restoration.

The largest amount of bond revenue-\$2.355 billion-would go toward conservancies and state parks to restore and protect watershed lands and nonprofits and local agencies for river parkways. The measure would also allocate \$640 million to groundwater sustainability agencies to implement their plans and \$500 million for public water system infrastructure improvements to meet safe drinking water standards, including the treatment of contaminants, or ensure affordable drinking water. The ballot initiative would require that \$1.398 billion be spent on projects benefitting what the state defines as disadvantaged communities and an additional \$2.637 billion be prioritized for disadvantaged communities.

Proposition 6 - Gas Tax Repeal - OPPOSE

The Voter Approval for Future Gas and Vehicle Taxes and 2017 Tax Repeal Initiative

Proposition 6 would repeal the gas and diesel tax increases and vehicle fees that were enacted in 2017, including the Road Repair and Accountability Act of 2017; and require majority voter approval (via ballot propositions) for the California State Legislature to impose, increase, or extend fuel taxes or vehicle fees in the future.

As of 2018, increasing a tax in California requires a two-thirds vote of each state legislative chamber and the governor's signature. Proposition 6 would create the additional step of voter approval (via ballot propositions), along with legislative passage and the governor's signature, to impose, increase, or extend fuel taxes or vehicle fees. The requirement that tax increases receive voter approval would affect taxes and tax rates enacted after January 1, 2017, meaning fuel taxes and vehicle fees that were created or increased in 2017 or 2018 would be repealed. This would have the effect of repealing the Road Repair and Accountability Act of 2017([RRAA <https://ballotpedia.org/California_Road_Repair_and_Accountability_Act_of_2017>](https://ballotpedia.org/California_Road_Repair_and_Accountability_Act_of_2017)), which was narrowly approved by the state legislature in April 2017.

The Road Repair and Accountability Act of 2017 ([RRAA <https://ballotpedia.org/California_Road_Repair_and_Accountability_Act_of_2017>](https://ballotpedia.org/California_Road_Repair_and_Accountability_Act_of_2017)), also known as Senate Bill 1, was enacted into law on April 28, 2017. The RRAA increased the gas tax \$0.12 per gallon, increased the diesel fuel tax \$0.20 per gallon, increased the sales tax on diesel fuels by an additional 4 percentage points, created an annual transportation improvement fee, and created an annual zero-emission vehicles fee. The RRAA was designed to dedicate the revenue to transportation infrastructure. The increased taxes went into effect on November 1, 2017, one fee went into effect in 2018, and the second fee will go into effect in 2020. According to the state Senate Appropriations Committee, the RRAA is expected to generate an estimated \$52.4 billion between 2017 and 2027. In June 2018, voters approved Proposition 69, which created a constitutional mandate for the legislature to spend RRAA revenue on transportation-related purposes.

OTHER AGENCY INVOLVEMENT

The CAO-Intergovernmental & Legislative Affairs Division prepared this report with information provided by the County's state legislative advocates (Nossaman LLP), the California Secretary of State, and Ballotpedia.

FINANCING

Approval of the recommendation included in this report will not result in additional General Fund contributions.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES

Support for these ballot measures is in alignment with all of the Board's Strategic Initiatives.

Mark a check to the related Board of Supervisors Strategic Initiatives

R Economic Development

R Administration

R Health & Human Services

R Infrastructure

R Public Safety

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Approved by: Nicholas E. Chiulos, Assistant CAO

Nicholas E. Chiulos, Assistant County Administrative Officer

Date

Attachments are on file with the Clerk of the Board

July 10, 2018

Attachments:

- **Exhibit A** - Prop. 2 - AB 1827. No Place Like Home Act.
- **Exhibit B** - Prop. 3. - Water Bond
- **Exhibit C** - Prop. 6 - Gas Tax Repeal