



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 2e  
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## *Memorandum*

TO: Legislation Committee

DATE: September 2, 2016

FR: Executive Director

W. I. 1131

RE: Proposition 53: California Public Vote on Bonds Initiative

### **Background**

Proposition 53 is a Constitutional Amendment that would require statewide voter approval of any revenue bond issued for a single project in an amount totaling \$2 billion or greater. The measure exempts local governments, school districts and special districts, but not any joint powers authority created by the state or in which the state is a member.

The California Constitution requires voter approval of general obligation bonds that are backed with general state revenue, as well as any local general obligation bonds. Most revenue bonds do not require voter approval because they are backed by a specific revenue source, such as utility water rates, sales tax revenue or bridge tolls. Additionally, revenue bonds are repaid by users of a project, not all taxpayers.

Many public finance experts in the state are uncertain as to which entities Proposition 53 would apply. Proponents of the measure may argue the initiative is written in a manner that would apply to the Bay Area Toll Authority (BATA) as it was created by the state and arguably does not meet the definition of a “public entity formed for the performance of local government functions (traditionally thought of as police, fire, or waste services, for example) within limited boundaries,” which the measure would exempt. As such, it is possible that BATA revenue bonds from bridge tolls could be subject to a statewide vote. Similarly, express lane revenue-backed bonds in an amount greater than \$2 billion, or bonds issued by the Transbay Joint Powers Authority, could be subject to a statewide vote. Additionally, to the extent that the state chose to issue revenue bonds backed by Cap and Trade funds or other statewide revenue sources to help pay for high-speed rail, such bonds would be subject to a statewide vote if the amount exceeded \$2 billion.

Proposition 53 requires State Legislature approval for use of revenue bonds for public infrastructure projects funded, owned, or operated by the state or any joint agency that includes the state. If the bond amount exceeds \$2 billion and repayment requires new, increased, or extended taxes, fees, or other charges. The measure also requires that legislatively approved projects be presented on statewide ballot for voter approval; this applies to previously approved projects if remaining bond amount exceeds \$2 billion. Additionally, Proposition 53 requires that specified project information for all state bonds be included in voter ballot pamphlet

**Recommendation: Oppose**

**Discussion**

Proposition 53, which the campaign refers to as the “No Blank Checks Initiative” was placed on the ballot by Dean and Joan Cortopassi, who have provided the sole financial backing for the measure, contributing over \$4.5 million in personal funds to qualify the measure for the ballot. The Cortopassi family owns land in the Delta and are vociferously opposed to the Delta water pipeline, a key part of the state’s plan to repair California’s statewide water distribution system, commonly known as the “tunnels” project. One of the planned funding mechanisms for the water pipeline project are revenue bonds backed by water user fees.

In opposition to the measure is a broad, growing coalition, comprised of local governments and associations (including the League of California Cities and the California State Association of Counties), engineering, infrastructure, business and construction organizations concerned with the limitations the measure would place on vitally needed local and state infrastructure projects. Governor Brown is also a lead opponent to the measure. The opposition has raised \$1 million as of August 17, 2016 according to Ballotpedia.org.

Proposition 53 would create a new, significant hurdle to raising funding for infrastructure improvements, affecting not just transportation infrastructure and water systems, but also projects to seismically upgrade public facilities, including hospitals and universities. Because this measure would impair the state’s ability to improve its infrastructure, and, from regional perspective, potentially curtail BATA’s ability to issue bonds and subject such bonds to a statewide vote, staff strongly recommends an oppose position on the Proposition 53.

For a list of organizations in support or opposition, see Attachment A.



Steve Heminger

**Attachment:**

- Attachment A: Known Positions

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## **Positions as of 8/31/2016**

### **Organizations on Record in Support of Proposition 53**

(Based on Yes of Proposition 53 web site [press release](#))

- Howard Jarvis Taxpayers Association
- Alliance of Contra Costa Taxpayers
- California Taxpayers Coalition
- California Taxpayer Protection Committee
- Calaveras County Taxpayers Association
- Central Coast Taxpayers Association
- Contra Costa Taxpayers Association
- Fullerton Association of Concerned Taxpayers
- Humboldt County Taxpayers League
- Inland Empire Taxpayers Association
- Monterey Peninsula Taxpayers Association
- Napa County Taxpayers Association
- Placer County Taxpayers Association
- Sacramento Taxpayers Association
- Salinas Taxpayers Association
- San Diego Tax Fighters
- San Joaquin County Taxpayers Association
- Silicon Valley Taxpayers Association
- Solano County Taxpayers Association
- Sutter County Taxpayers Association
- Tulare County Taxpayers Association
- Yolo County Taxpayers Association

# **NO53** **ON PROP**

**Stop Attack on Local Control**

[www.NoProp53.com](http://www.NoProp53.com)

## **We Oppose Prop 53**

### **Public Safety**

California Professional Firefighters  
California State Sheriffs' Association  
California State Firefighters Association  
Peace Officers Research Association of California  
(PORAC)

### **Local Government**

League of California Cities  
California Association of Councils of Governments  
Cities Association of Santa Clara County  
Los Angeles County Metropolitan Transportation  
Authority (LA Metro)  
Self Help Counties Coalition  
Rural County Representatives of California (RCRC)  
Association of California Cities – Orange County  
San Diego Association of Governments  
Transportation Agency for Monterey County

### **Taxpayer**

Kern County Taxpayers Association  
California Tax Reform Association  
Middle Class Taxpayers Association

### **Healthcare**

California Medical Association  
California Hospital Association  
Hospital Council of Northern and Central California  
Hospital Association of Southern California

### **Agriculture**

California Citrus Mutual  
California Cotton Ginners Association  
California Cotton Growers Association  
California Women for Agriculture  
Fresno County Farm Bureau  
Western Agriculture Processors Association  
Western Growers Association

### **Water**

Association of California Water Agencies  
Calleguas Municipal Water District  
Coachella Valley Water District  
Clean Water and Jobs Coalition for California  
Eastern Municipal Water District

### **Water (cont.)**

Humboldt Bay Municipal Water District  
Foothill Municipal Water District  
Las Virgenes Municipal Water District  
Metropolitan Water District of Southern California  
Mojave Water Agency  
Northern California Water Association  
Southern California Water Committee  
State Water Contractors  
Vista Irrigation District

### **Infrastructure**

American Council of Engineering Companies –  
California  
American Society of Civil Engineers Region IX  
Associated General Contractors of California  
California Alliance for Jobs  
California Chapters of the National Electrical  
Contractors Association (NECA)  
California Construction Industry Labor Management  
Cooperation Trust  
California Legislative Conference of the Plumbing,  
Heating & Piping Industry  
Engineering Contractors Association  
Northern California Mechanical Contractors  
Association  
Sacramento Regional Builders Exchange  
United Contractors

### **Education**

California's Coalition for Adequate School Housing

### **Community and Ethnic**

California League of United Latin American Citizens  
(LULAC)  
Mexican American Legal Defense and Educational  
Fund (MALDEF)  
Strategic Actions for a Just Economy (SAJE)

### **Environment**

California League of Conservation Voters  
Natural Heritage Institute

### **Business**

California Chamber of Commerce  
Anaheim Chamber of Commerce

August 29, 2016

## **Business (cont.)**

Azusa Chamber of Commerce  
Bay Area Council  
Bay Planning Coalition  
Building Owners and Managers Association California  
Building Owners and Managers Association, Greater  
Los Angeles  
California Building Industry Association  
California Business Properties Association  
California Business Roundtable  
California Manufacturers & Technology Association  
California Public Securities Association  
California Small Business Association  
Central City Association, Los Angeles  
Cerritos Regional Chamber of Commerce  
Dinuba Chamber of Commerce  
East Bay Leadership Council  
Chambers of Commerce Alliance of Ventura & Santa  
Barbara Counties  
El Monte/South El Monte Chamber of Commerce  
Fontana Chamber of Commerce  
Greater Fresno Area Chamber of Commerce  
Greater Riverside Chambers of Commerce  
Greater San Fernando Valley Chamber of Commerce  
Hollywood Chamber of Commerce  
Inland Empire Economic Partnership (IEEP)  
Irvine Chamber of Commerce  
Los Angeles Area Chamber of Commerce  
Los Angeles County Business Federation (LA BizFed)  
North Orange County Chamber of Commerce  
Ontario Chamber of Commerce  
Orange County Business Council (OCBC)  
Oxnard Chamber of Commerce  
Pacific Merchant Shipping Association  
Pasadena Chamber of Commerce  
Pomona Chamber of Commerce  
Port Hueneme Chamber of Commerce  
Regional Chamber of Commerce – San Gabriel Valley  
San Diego Regional Chamber of Commerce  
San Francisco Chamber of Commerce  
San Gabriel Valley Economic Partnership  
San Jose Silicon Valley Chamber of Commerce  
San Ramon Chamber of Commerce  
Santa Clarita Valley Chamber of Commerce  
Silicon Valley Leadership Group  
South Bay Association of Chambers of Commerce  
Southwest California Legislative Council  
Torrance Area Chamber of Commerce  
Valley Industry & Commerce Association (VICA)

## **Labor**

California Labor Federation AFL-CIO  
California State Building and Construction Trades  
Council  
Service Employees International Union California  
AFSCME California PEOPLE

## **Labor (cont.)**

Los Angeles County Federation of Labor  
Auto, Marine & Specialty Painters Local Union 1176  
Boilermakers Local Unions 92, 549  
California Conference of Machinists  
California State Association of Electrical Workers  
California State Council of Laborers  
California Teamsters Public Affairs Council  
Carpet, Linoleum & Soft Tile Workers Local Unions  
12,1237  
County Labor Councils: North Bay; San  
Diego/Imperial; San Francisco; South Bay  
District Council of Iron Workers  
District Council 16 International Union of Painters and  
Allied Trades  
County Building and Construction Trades Councils:  
Alameda; Contra Costa; Imperial; Kern, Inyo,  
Mono; Los Angeles/Orange; Marin;  
Northeastern; Sacramento Sierra; San Diego;  
San Mateo; Sonoma, Mendocino & Lake  
Counties; Stanislaus, Merced, Mariposa &  
Tuolumne  
Glaziers, Arch. Metal & Glass Workers Local Unions  
169, 718, 767, 1621  
Insulators & Allied Workers Local Union 16  
International Brotherhood of Boilermakers  
International Union of Operating Engineers Local  
Unions 3, 12  
Ironworkers Local Unions 118, 155, 229, 433, 844  
IUPAT Local Unions 294  
Laborers' Local Union 67  
IBEW Local Unions 6, 11, 40, 47, 100, 180, 234, 302,  
332, 340, 413, 428, 440, 441, 477, 551, 569,  
595, 617, 684, 952, 1245  
Painters and Drywall Finishers Local Union 3  
Painters and Tapers Local Unions 83, 272, 376, 487,  
507,741, 913  
Plasters Local Union 200  
Plasterers & Cement Masons Local Union 300  
Sheet Metal, Air, Rail and Transportation Workers  
Western States Council  
Sheet Metal, Air, Rail and Transportation Workers  
Local Unions 104, 105, 206  
Southern California Pipe Trades District Council 16  
Teamsters Joint Council 7  
Teamsters Joint Council 42  
Teamsters Local Union 431  
UFCW Western States Council  
United Association of Landscape & Irrigation, Sewer &  
Storm, Underground Industrial Piping Industry  
Local 345  
United Association of Plumbers & Fitters Local 761  
United Association of Plumbers & Pipefitters Local  
Unions 78, 114, 582  
United Association of Plumbers & Steam Fitters Local  
Unions 398, 403, 460, 484

**Labor (cont.)**

United Association of Sprinkler Fitters Local 709  
United Association of Plumbers, Steamfitters,  
Refrigeration & HVAC Service Technicians Local  
230  
United Association of Steam, Refrigeration, Air  
Conditioning, Pipefitters & Apprentices Local 250  
United Union of Roofers, Waterproofers & Allied  
Workers Local Unions 27, 36, 40, 45, 81, 95, 220  
Western Regional District Council of Roofers &  
Waterproofers

**Political**

California Democratic Party  
Los Angeles County Democratic Party

**Paid for by No on Prop 53 – Californians to Protect Local Control, a coalition of public safety, local government, business and labor organizations, and taxpayers. Major funding by California Construction Industry Labor Management Cooperation Trust and Members' Voice of the State Building and Construction Trades Council of California (Committee).**