

Recommended CIOMA Positions on Ballot Proposals
2006 General Election, November 7, 2006

CIOMA Members –

Attached for your information is the position taken by CIOMA on many of the ballot initiatives and measures coming up November 7th. This is the first time that CIOMA has provided an organization position on a ballot slate. You will note that there is no position taken on some of the proposals. As an industry trade association we focus on business oriented issues – therefore we have taken no position on proposals that have little or no business impact.

Please feel free to circulate this information to your employees, customers and others in your business community. We hope the information provided helps you in analyzing a large number of complex and significant decisions being presented to the voting public.

We thank the California Chamber of Commerce for supplying much of the material provided in this document. The positions, however, are CIOMA's as ratified by the Government Relations Committee and CIOMA Board.

Prop 1A

Transportation Funding Protection. Legislative Constitutional Amendment. Protects transportation funding for traffic congestion relief projects, safety improvements and local streets and roads. Prohibits the state sales tax on motor vehicle fuels from being used for any purpose other than transportation improvements. Authorizes loans of these funds only in the case of severe state fiscal hardship. Requires loans of revenues from state sales tax on motor vehicle fuels to be fully repaid within three years. Restricts loans to no more than twice in any 10-year period.

Recommended CIOMA Position: Support

Placed on Ballot by:

Legislature/Governor.

Reasons for Position.

1. Closes the loophole in voter-approved Proposition 42.
2. Ensures gas taxes already being paid are spent only on transportation projects benefiting California's 20 million drivers.
3. Ensures a stable source of long-term funding to get urgently needed transportation improvement projects off the drawing board.

Prop 1B

Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. A \$19.9 billion bond measure to fund safety improvements and repairs to state highways and local

roads, reduce freeway congestion, improve seismic safety of local bridges, expand public transit, reduce air pollution and improve anti-terrorism security at shipping ports.

Recommended CIOMA Position: Support

Placed on Ballot by:

Legislature/Governor

Reasons for Position:

1. Puts backlogged transportation projects on the fast track, reducing congestion and improving highway safety to enhance mobility and protect the state's economic future.
2. Provides funding to jump-start repairs of the state's aging highways and to start building the transportation projects needed in the future.
3. Contains strict accountability provisions and no new taxes.
4. Provides matching funds for communities that have approved local transportation measures.
5. Part of a long-term plan to rebuild California.

Proposition 1C

Housing and Emergency Shelter Trust Fund Act of 2006. A \$2.9 billion bond measure to provide homeownership assistance for the disabled, military veterans, working families and others.

Recommended CIOMA Position: Support

Placed on Ballot by:

Legislature/Governor

Reasons for Position:

1. Helps working families afford homes and provides accessibility improvements to apartments for disabled Californians.
2. Creates 87,000 jobs and helps improve the state's economy.
3. Contains funds to enable households to become or remain homeowners.
4. Contains strict accountability provisions and no new taxes

Prop 1D

Kindergarten-University Public Education Facilities Bond Act of 2006. A \$10.4 billion bond measure to provide needed funding to relieve public school, college and university overcrowding, and repair older facilities, improve earthquake safety and fund vocational educational facilities in public schools.

Recommended CIOMA Position: Support

Placed on Ballot by:

Legislature/Governor

Reasons for Position:

1. Modernizing and repairing school infrastructure will help ensure delivery of quality education.
2. Invests in construction of approximately 6,500 new K-12 classrooms and 3,000 community college class-rooms. Repairs 31,000 classrooms.
3. Builds and modernizes science and engineering labs and classrooms.
4. Builds on administration and legislative commitment to career technical education with funding for 3,000 vocational education facilities.
5. Contains strict accountability provisions and uses existing taxes on a long-term plan to rebuild California.

Proposition 1E

Disaster Preparedness and Flood Prevention Bond Act of 2006.

A \$4.1 billion bond measure to rebuild and repair California's most vulnerable flood control structures to protect homes and prevent loss of life from flood-related disasters and protect California's drinking water supply system by rebuilding vulnerable Delta levees.

Recommended CIOMA Position: Support

Placed on Ballot by:

Legislature/Governor

Reasons for Position:

1. Expedites urgent repairs and essential improvements to levees and flood control facilities.
2. Increases flood protection for urban areas.
3. Expedites evaluation and repair of the current flood control system.
4. Provides funds to protect drinking water by rebuilding and safeguarding out-of-date pollution-prevention systems.
5. Contains strict accountability provisions and uses taxes already being paid to make important infrastructure improvements that can limit the impact of disasters when they do hit as part of a long-term plan to rebuild California.

Proposition 83

Sex Offenders. Sexually Violent Predators. Punishment, Residence Restrictions and Monitoring. Initiative Statute.

Increases penalties for violent and habitual sex offenders and child molesters. Prohibits residence near schools and parks. Requires Global Positioning System monitoring of registered sex offenders.

Recommended CIOMA Position: No Position because the subject is not a business issue.

Placed on Ballot by:

Petition Signatures

Proposition 84**Water Quality, Safety and Supply. Flood Control. Natural Resource Protection. Park Improvements. Bonds. Initiative Statute.**

A \$5.4 billion bond measure to fund projects for safe drinking water, water quality and supply, flood control, waterway and natural resource protection, water pollution and contamination control, state and local park improvements, public access to natural resources, water conservation and emergency drinking water supplies.

Recommended CIOMA Position: Support

Placed on Ballot by:

Petition Signatures

Reasons for Position:

1. Continues the state's efforts to assure a clean, safe, reliable water supply.
2. Dedicates money to programs that enhance recreational and environmental values for tourism.
3. Invests in flood control projects.
4. Provides emergency assistance to communities with contaminated water supplies.
5. Includes tough fiscal safeguards and is funded from existing revenues.

Proposition 85

Waiting Period and Parental Notification Before Termination of Minor's Pregnancy. Initiative Constitutional Amendment. Amends California Constitution to prohibit abortion for unemancipated minor until 48 hours after physician notifies minor's parent/guardian, except in medical emergency or with parental waiver. Mandates reporting requirements. Authorizes monetary damages against physicians for violation.

Recommended CIOMA Position: No Position because the subject is not a business issue.

Placed on Ballot by:

Petition Signatures

Proposition 86**Tax on Cigarettes. Initiative Constitutional Amendment and Statute.**

Imposes additional \$2.60 per pack excise tax on cigarettes and indirectly increases taxes on other tobacco products. Provides funding for various health programs.

Recommended CIOMA Position: Oppose

Placed on Ballot by:

Petition Signatures

Reasons for Position:

1. Creates new government programs and spending that will become locked into the state

budget, likely leading to increased deficits and cuts in other programs like education, transportation and law enforcement when revenues from the new tax inevitably decline.

2. Increases crime and smuggling as smokers seek alternative channels to purchase cigarettes.
3. Unfairly taxes smokers to pay for programs that have nothing to do with helping smokers quit or preventing kids from starting.
4. Includes no guarantees as to how the money will be spent.

Proposition 87

Alternative Energy. Research, Production, Incentives. Tax on California Oil Producers. Initiative Constitutional Amendment and Statute.

Places \$4 billion tax on California oil production to fund alternative energy research and production.

Recommended CIOMA Position: Oppose

Placed on Ballot by:

Petition Signatures

Reasons for Position:

1. Leads to higher gas prices because it increases dependence on more expensive foreign and imported oil by significantly adding to the cost of oil produced in California.
2. Creates a costly new state bureaucracy with 50 political appointees, exempt from laws and taxpayer safeguards that apply to other agencies. Permits the new bureaucracy to continue spending, even if not producing results.
3. Reduces tax revenues used for education, public safety, health care and transportation.

Proposition 88

Education Funding. Real Property Parcel Tax. Initiative Constitutional Amendment and Statute.

1. Creates a statewide parcel tax of \$50 per real property parcel to provide an estimated \$450 million annually in additional public school funding for kindergarten through grade 12.
2. Exempts certain elderly and disabled homeowners from tax.
3. Restricts use of funds to specific educational purposes. Excludes revenue from Proposition 98 minimum funding calculations.
4. Provides for General Fund reimbursement to offset anticipated decrease in income tax revenues.

Recommended CIOMA Position: Oppose

Placed on Ballot by:

Petition Signatures

Reasons for Position:

1. Proponents have not established that lack of funding rather than funding allocation is the problem with education.
2. Establishes a whole new kind of state-wide property tax, opening the door to future attempts at a new form of statewide tax increases, contrary to the clear intent of Proposition 13 to limit property taxes.
3. Undermines local control over property taxes, giving Sacramento politicians increased power to decide how and where to spend the money.
4. Adds to the existing tax burden, using a loophole to get around the Proposition 13 requirement that tax hikes be approved by a two-thirds vote.

Proposition 89**Political Campaigns. Public Financing. Corporate Tax Increase. Campaign Contribution and Expenditure Limits. Initiative Statute.**

1. Increases income tax rate on corporations and financial institutions by 0.2 percent to provide public funding for political campaigns.
2. Imposes new limits on campaign contributions to state office candidates and campaign committees and new restrictions on contributions by lobbyists, state contractors.
3. Limits certain contributions and expenditures by corporations.

Recommended CIOMA Position: Oppose**Placed on Ballot by:**

Petition Signatures

Reasons for Position:

1. Increases taxes on employers by \$200 million to pay for politicians to finance their political campaigns and negative ads.
2. Placed on ballot by a single special interest group, the California Nurses Association, that wants an unfair advantage in California elections.
3. Limits ability of small businesses, non-profits and others to educate voters about issues that affect them, including fighting ballot measures that propose to increase costs or boost government spending. Is complicated and unconstitutional.
4. The U.S. Supreme Court has rejected contribution and expenditure limits in a similar measure as limiting free speech and violating the First Amendment.

Proposition 90**Government Acquisition, Regulation of Private Property. Initiative Constitutional Amendment.**

1. Bars state/local governments from condemning or damaging private property to promote other private projects or uses.
2. Limits government's authority to adopt certain land use, housing, consumer, environmental and workplace laws and regulations.

Recommended CIOMA Position: Oppose

Although this is an intriguing proposition, the potential for frivolous lawsuits outweighs the potential benefits put forth in this measure.

Placed on Ballot by:

Petition Signatures

Reasons for Position:

1. Increases taxpayer costs by allowing anyone to sue, claiming a new law or regulation has affected the value of the property or business, thereby encouraging frivolous and time-consuming lawsuits that will tie up needed land-use planning in litigation delays.
2. Increases the cost of public infrastructure projects, such as schools, traffic relief and flood control.
3. Threatens affordability/reliability of state energy supplies by making it more difficult for utilities to site and add increased transmission capabilities.
4. Undermines the authority of local communities to decide what types of projects get built in their jurisdictions.