

Date of Hearing: April 23, 2013

ASSEMBLY COMMITTEE ON ELECTIONS AND REDISTRICTING
Paul Fong, Chair
AB 54 (Gorell) – As Introduced: January 7, 2013

SUBJECT: Elections: ballot measure.

SUMMARY: Moves ACA 4 of the 2009-2010 Regular Session from the November 2014 statewide general election ballot to the June 2014 statewide primary election ballot.

EXISTING LAW requires ACA 4 of the 2009-2010 Regular Session to be submitted to the voters at the November 2014 statewide general election.

FISCAL EFFECT: Unknown

COMMENTS:

1) Purpose of the Bill: According to the author:

Originally scheduled for a public vote in June of 2012, SB 202 (2011) changed the date of the public vote on ACA 4, delaying the vote for more than two years. However, in November of 2012, the Legislative Analyst's Office reported that in light of the passage of Proposition 30's tax increases and a forecasted economic recovery, there is "a strong likelihood that the state will have budgetary surpluses" by the 2014-15 budget year. If the state is headed for budget surplus, voters should be able to decide in June of 2014, if not before, how the state will forever handle surplus revenue.

The rainy day fund in ACA 4 would allocate three percent of the General Fund revenues into the reserve account. At the end of each year, any profits exceeding the expected income for that year will also be placed into the reserve. Additionally, ACA 4 restricts reserve fund transfer to the General Fund for years in which the state experiences low revenues and must not exceed half the amount of funds in the reserve account.

A public vote on ACA 4 immediately prior to the legislature's approval of a state budget in June of 2014 will help the legislature understand the public's spending priorities. AB 54 gives the Legislature ample time to decide how the state will manage future budgetary surpluses by placing the rainy day proposition on the ballot at an earlier election. Furthermore, in January 2013, the Public Policy Institute of California, released a report showing that 68% of Californians and likely voters consider a strict spending limit a good idea. AB 54 provides a vehicle for the People of California to convey their will for the state budget as the economy recovers.

2) ACA 4 "Rainy Day" Fund & Previous Legislation: ACA 4 (Gatto and Niello), Res. Chapter 174, Statutes of 2010, proposes various changes to the state budget process and to the state's

Budget Stabilization Fund. As with all constitutional amendments, ACA 4 requires the approval of the voters to take effect. AB 1619 (Budget Committee), Chapter 732, Statutes of 2010, required ACA 4 to be submitted to the voters at the 2012 statewide presidential primary election, among other provisions.

At the time ACA 4 and AB 1619 were approved by the Legislature, the 2012 statewide presidential primary election was scheduled to be held in February 2012. Subsequently, the Legislature approved and the Governor signed AB 80 (Fong), Chapter 138, Statutes of 2011, which moved the presidential primary election to June and consolidated it with the statewide direct primary, which consequently moved the scheduled vote on ACA 4 from February 2012 to June 2012. Shortly thereafter, the Legislature approved and the Governor signed SB 202 (Hancock), Chapter 558, Statutes of 2011, which moved ACA 4 from the 2012 presidential primary election ballot to the November 2014 statewide general election ballot, among other provisions.

This bill proposes to ask voters whether to approve ACA 4 at the June 3, 2014 statewide primary election, an election that takes place less than two weeks prior to the constitutional deadline for the Legislature to pass a budget for the 2014-15 fiscal year. If ACA 4 were approved by the voters at that election, the budget adopted by the Legislature for the 2014-15 fiscal year would be required to comply with the provisions of ACA 4, which includes new restrictions on transfers to and from the state's "rainy day" fund and new restrictions on the use of "unanticipated revenues," as defined. As a result, at the time that the Legislature is making crucial decisions about the budget for the 2014-15 fiscal year, the constitutional requirements that govern those decisions will be unclear. Even after the June 2014 statewide primary election is conducted, there could be uncertainty over whether the requirements of ACA 4 applied to the budget for the 2014-15 fiscal year if the vote on that constitutional amendment was close, and the final result could not be determined until provisional ballots were processed weeks after the election. In light of these circumstances, it is unclear how the Legislature would prepare to adopt a budget if this bill were enacted.

By contrast, when ACA 4 originally was scheduled to appear on the presidential primary election ballot in 2012, there was less potential for disruption of that year's budget process, since the more substantive requirements of ACA 4 would not impact the budget until the 2013-14 fiscal year.

- 3) Primary vs. General Election Participation: As noted above, SB 202 (Hancock) of the 2011-12 session moved the vote on ACA 4 from the 2012 presidential primary election to the 2014 statewide general election. In addition, SB 202 provided that state initiative measures—that is, measures that qualified to appear on the ballot by virtue of a petition signed by a specified number of registered voters—would appear on the ballot only at statewide general elections and statewide special elections. Part of the rationale for SB 202 is that its passage would allow state ballot measures to be decided at higher turnout elections, when the voters participating in the election would more accurately represent the needs, priorities, and desires of the population at large.

If this bill were enacted, and the vote on ACA 4 were moved from the November 2014 general election to the June 2014 primary election, it appears likely that one consequence of that change would be to significantly reduce the number of voters who cast a ballot on this

proposed budgetary change. In the last 20 years, the turnout at gubernatorial general elections has been 11 to 20 percent higher than in the corresponding gubernatorial primary elections.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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