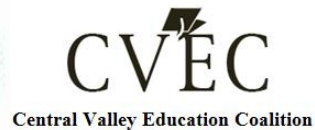


May 31, 2018

The Honorable Holly Mitchell  
The Honorable Phil Ting  
Co-Chairs, Budget Conference Committee  
California State Legislature  
State Capitol Building  
Sacramento, CA 95814



**RE: Issue GG-PS 42 – AB 195 Fix for Local Bond Ballot Labels – Conference Committee Request**

Dear Senator Mitchell and Assembly Member Ting:

On behalf of our coalition of labor, educational, and other public agencies, we are requesting your support to enact a fix to AB 195 (Obernolte, Chapter 105, Statutes of 2017). The provisions of AB 195 are generating

significant voter confusion and threatening our ability to meet the educational, housing, health, and many other needs of California residents.

### *We Support the Assembly's Action*

We are writing in support of the Assembly's action on this item and asking Conference Committee to adopt the Assembly version. The Assembly adopted placeholder trailer bill language to suspend for two years the local bond-related provisions of AB 195, allowing time for our concerns to be addressed through the policy process and not affecting near-term elections. The Senate did not take formal action on this item.

### *A Fix is Needed By July 1, 2018*

A fix is urgently needed. Several counties have informed public agencies that ballot resolutions must be adopted and delivered to the county by early July for a November 2018 election, which is sooner than the official August 10 deadline. Therefore, we are asking you to adopt the Assembly budget trailer bill language.

AB 195 mandates changes to the ballot label for local measures, including bonds. It was characterized as a technical clean-up, but ultimately the required language will have a detrimental impact on the ability of communities to pass local bonds.

### *What AB 195 Does*

AB 195 requires a local ballot measure that imposes a tax or raises the rate of a tax – including local bonds – to include on the ballot label:

- The amount of money to be raised annually.
- The rate of the tax to be levied.
- The duration of the tax to be levied.

The ballot label is the 75-word question that voters see on their ballot.

### *The Problem*

The ballot label statements created by AB 195 are confusing and misleading to voters. The rate for a bond fluctuates on an annual basis to pay principal and interest costs. Public agencies attempting to comply with the law are now forced to insert rates into their ballot labels that are averages, projections, or statutory maximums, and may not be charged at such rates in any given year. Similarly, the duration of a bond program can change over time due to economic conditions, changes in local priorities, and new state mandates. These statements do not make sense in the context of bonds and ultimately mislead voters.

These newly-required statements take up approximately one-third of the space that would otherwise be used to describe how bond proceeds will be spent in the community. Additionally, placing these statements in the ballot label may create legal issues, such as a cap on the rate, duration, and amount raised annually, making it difficult for public agencies to access the full amount authorized by voters and creating credit concerns with bond investors.

When voters are confused, they ultimately vote “NO.” Polling for the June and November 2018 elections shows *a decrease of approximately 5 to 10 percentage points when the AB 195 statements are placed in the ballot label*, pushing many bonds below the threshold for passage. This outcome is not a reflection of a change in voters’ personal beliefs regarding the use of bonds. Rather, it shows that voters will default to a “NO” position when they do not fully understand what they are being asked to approve.

#### *Role of the Tax Rate Statement*

Transparency and accountability are critical for successful bond programs. That is why voters already receive detailed information about the mechanics of a proposed bond measure and the potential costs to taxpayers in the **tax rate statement**, which is included in the voter information guide. This is the proper location for such information, as it provides space for context and a thorough explanation.

#### *Assembly Member Obernolte’s Proposal*

Assembly Member Obernolte has shared a counter-proposal in mock-up form, and our coalition believes that it does not address the core issues created by AB 195. The proposal continues to create voter confusion because it tries to compress the more detailed language from the tax rate statement in the voter information guide into the 75 words of the ballot label.

We oppose this proposal for the following reasons:

- The additional information (average annual tax rate and tax duration estimates) are already required on the tax rate statement in the voter information guide, which is the appropriate place to explain such information because there is more space to address why the tax rate can fluctuate and the duration can be longer or shorter.
- Requiring an estimate of the average annual tax rate is confusing and misleading to voters, as tax rates will fluctuate over time based on economic conditions and changes in assessed valuation, as described above.
- Requiring the final fiscal year in which the tax is anticipated to be collected is misleading to voters, as the duration of a bond cannot be known with certainty. Numerous factors can affect the pace at which bonds are issued including market/economic conditions and changes to a community’s priorities and plans. Placing this information on the ballot label could create technical and legal challenges, including a cap on the duration which could leave some bond authority inaccessible.
- These two pieces of information would take up significant space on the ballot label, which is capped at 75 words, making it more difficult for communities to explain what they plan to do with bond proceeds.

Requiring inaccurate information on the ballot label is misleading and confusing to voters, ultimately causing many to oppose a measure they may have otherwise supported. For these reasons, we ask you to approve the Assembly action to provide a two-year suspension to the local bond-related provisions of AB 195.

Thank you for your consideration of this request.

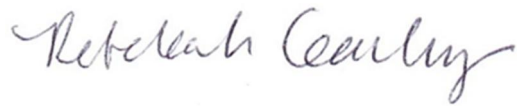
Sincerely,



Nancy Chaires Espinoza  
Legislative Advocate  
Governmental Relations  
California School Boards Association



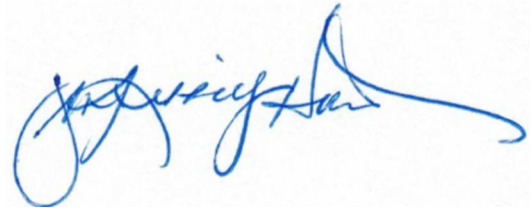
Laura Preston  
Legislative Advocate  
Association of California School Administrators



Rebekah Cearley  
Legislative Advocate  
Community College Facility Coalition



Sara Bachez  
Assistant Executive Director  
Governmental Relations  
California Association of School Business Officials



Jean Hurst  
Legislative Advocate  
Association of California Healthcare Districts  
County of Santa Cruz



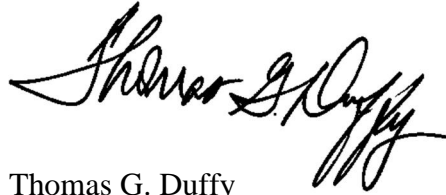
Dorothy Johnson  
Legislative Representative  
California State Association of Counties




Anna Ferrera  
Executive Director  
School Energy Coalition



Cesar Diaz  
Legislative Advocate  
State Building & Construction Trades Council



Thomas G. Duffy  
Legislative Director  
Coalition for Adequate School Housing



Jolena Voorhis  
Executive Director  
Urban Counties of California



Lizette Navarette  
Vice President  
Community College League of California



Susan Bray  
Executive Director  
Association of California Community College  
Administrators



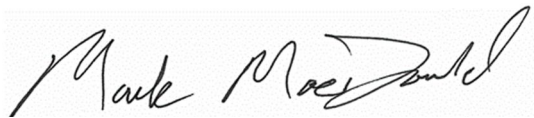
Anthony J. Tannehill  
Legislative Representative  
California Special Districts Association



Canace Reines  
Assistant Superintendent of Business Services  
Perris Union High School District



Bruce Barron  
Chancellor  
San Bernardino Community College District



Mark MacDonald  
Legislative Advocate  
Kern Community College District  
Los Rios Community College District



R. Darrin Watters  
Deputy Superintendent  
Business Services  
Val Verde Unified School District



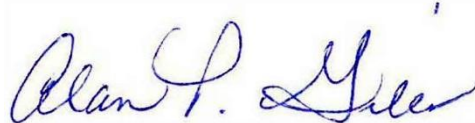
Kyla Johnson Trammell  
Superintendent  
Oakland Unified School District



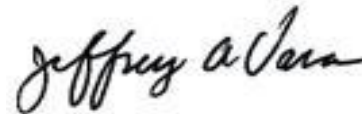
Eric Bakke  
Co-Director, Office of Government Relations  
Los Angeles Unified School District



Khieem Jackson  
Director of Government Relations  
San Diego Unified School District



Alan Giles  
Assistant Superintendent of Business Services  
Corona-Norco Unified School District



Jeffrey A. Vaca  
Chief Governmental Relations Officer  
Office of the Riverside County Superintendent  
of Schools



Daniel R. Feron  
General Manager  
Santa Margarita Water District



Kevin G. Walthers, Ph.D.  
Superintendent/President  
Allan Hancock College





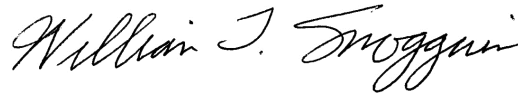
Bob Blattner  
Legislative Advocate  
Natomas Unified School District



Andrea Ball  
Legislative Advocate  
Central Valley Education Coalition



Jeffrey Frost  
Legislative Advocate  
California Association of Suburban School  
Districts



William T. Scroggins  
President/CEO  
Mt. San Antonio College



Micah Ali  
Board President  
Compton Unified School District

cc: Members, Budget Conference Committee  
Honorable Toni Atkins, Senate President pro Tempore  
Honorable Anthony Rendon, Assembly Speaker  
Honorable Patricia C. Bates, Senate Minority Leader  
Honorable Brian Dahle, Assembly Minority Leader  
Camille Wagner, Legislative Affairs Secretary, Office of Governor Brown  
Michael Cohen, Director, Department of Finance