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The Bond Propositions on California's November Ballot: Where Would the Money Be Spent?

By Adrian T. Moore, Ph.D.

POLICY BRIEF 49

Reason Foundation

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Summary

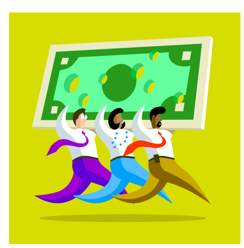
California voters face a very important financial decision this November. Should we borrow up to $42.65 billion to fund a large number of transportation, housing, schools, water, and flood protection projects? If approved, the five bond measures on the November ballot (Propositions 1B, 1C, 1D, 1E, and 84) would add a total of about $84 billion in debt and interest that would have to be repaid from the state's general fund over the next 30 years. Here we explain where the borrowed funds for each of these five propositions would be spent, and summarize the arguments of those in favor and against the proposals.

Borrowed amount

$42.65 billion

Cost to pay off

$84 billion



Cost per year

$2.83 billion

Cost per household*

$7,300

For more information on this issue and others on California's November Ballot, go to reason.org/californiaballot/

* Based on 11.5 million households, data from 2000 Census. The cost per household figures do not account for population changes, nor do they account for various additional unquantified costs of the bond measures identified by the Legislative Analyst.

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Part I

Proposition 1B

Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006

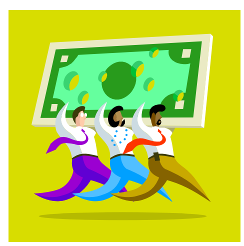
If this proposition passes, California would borrow $19.9 billion by issuing bonds that must be paid off from the state's general fund. The main revenue source for the general fund is state tax revenue. The Legislative Analyst estimates that it would cost the state $38.9 billion to pay off the principal and interest of these bonds over next 30 years. Annual payments would require expenditures from the general fund of about $1.33 billion per year, which averages out to be about $3,400 for every California household.

Borrowed amount

$19.9 billion

Cost to pay off

$38.9 billion



Cost per year

$1.33 billion

Cost per household

$3,400

Proposition 1B specifies criteria for spending about half of the $19.9 billion loan that would be authorized if it is approved, leaving criteria for spending the other half up to whatever conditions and criteria the legislature sets in the future, and disburses the money into 11 newly established state funds and accounts as follows:

Roads, Highways, and Congestion ($11.250 billion)

- **$4.5 billion** would be deposited into a newly created "Corridor Mobility Improvement Account." Each year, the legislature would appropriate funds from that account to be spent by CalTrans on "performance improvements on the state highway system, or major access routes to the state highway system on the local road system that relieve congestion by expanding capacity, enhancing operations, or otherwise improving travel times within these high-congestion travel corridors." So these bond funds may be spent on infrastructure or on operations. Specific projects would be identified by CalTrans and regional or local transportation agencies, pursuant to various criteria and procedures spelled out in Proposition 1B.

- **$2 billion** would be deposited into the newly created "Transportation Facilities Account," which the legislature can appropriate to CalTrans for miscellaneous state transportation improvement projects.
- **$2 billion** would be deposited into the newly created "Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006" to be transferred to cities and counties according to a formula that takes into account population and road-miles maintained. The funds may be used by local governments for a wide variety of road and mass transit projects.
- **$1 billion** would be designated for appropriation by the legislature to CalTrans for "safety, operational enhancements, rehabilitation, or capacity improvements" for State Route 99 in the central valley.
- **$1 billion** would be deposited into the new "State-Local Partnership Program Account" and be appropriated by the legislature to CalTrans to fund local transportation projects, pursuant to whatever conditions and criteria the legislature establishes in the future. But to apply for these funds, local transportation agencies must provide a dollar-for-dollar match.
- **$750 million** would be deposited into the newly created "Highway Safety, Rehabilitation, and Preservation Account" to be appropriated by the legislature and spent by CalTrans on highway operation and protection, one third of which will be spent on technology-based improvements for local roads.

Public Transportation ($4 billion)

- $**4 billion** would be deposited into another new fund, the "Public Transportation Modernization, Improvement, and Service Enhancement Account," which would become available for appropriation by the legislature to CalTrans and the Controller to spend on a variety of mostly unspecified rail, bus, and other transit projects. Four-hundred million dollars of this would be directed to inter-city rail, while $3.6 billion would go to local transit projects.
- An unknown amount of the $2 billion disbursed to local governments via the "Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006" may also be spent on mass transit-related projects.

Freight, Air Quality, Safety and Security ($4.675 billion)

- **$3.1 billion** would be deposited into a newly created "California Ports Infrastructure, Security, and Air Quality Improvement Account."
    - The legislature would have the authority to transfer **$2 billion** from this account into the newly created "Trade Corridors Improvement Fund," to be spent by the California Transportation Commission for "infrastructure improvements" along trade corridors, subject to whatever conditions and criteria the legislature decides to establish in the future.
    - The legislature would have the authority to appropriate **$1 billion** from the account to the State Air Resources Board for "emission reductions, not otherwise required by law or regulation, from activities related to the movement of freight" along the state's trade corridors. That appropriation would also be subject to whatever future conditions and criteria the legislature establishes.
    - The legislature would have the authority to appropriate the remaining **$100 million** from that account to the Office of Emergency Services which would award the money in the form of grants to publicly owned ports, harbors, and ferry operators for "security improvements."
- **$1 billion** would be deposited into the newly created "Transit System Safety, Security, and Disaster Response Account," which the legislature can spend as it specifies in the future for projects that "provide increased protection against a security and safety threat" and that aid transit operators in developing "disaster response transportation systems."
- **$250 million** would be deposited into the "Highway-Railroad Crossing Safety Account" to be appropriated by the legislature and spent by CalTrans on grade separation and railroad crossing safety improvements.
- **$200 million** would be available for the legislature to spend on retrofitting and replacing schoolbuses.
- **$125 million** would be deposited into the newly created "Local Bridge Seismic Retrofit Account" to provide the 11.5 percent match required for federal funding for seismic work on local bridges, ramps, and overpasses identified by CalTrans.

California already spends about $20 billion per year on transportation system maintenance, operations and improvements, with revenue provided on a "pay-as-you-go" (rather than debt-financed) basis as follows:

- About $9.5 billion from local governments, derived from local taxes and transit fares
- About $4.5 billion from federal gasoline and diesel tax revenues
- About $3.4 billion from the state's 18 percent gas tax
- About $2 billion from the sales tax on gasoline and diesel
- About $900 million from weight fees on trucks

Since 1990, voters have approved $5 billion in general obligation transportation-related bonds, primarily for transit systems and earthquake safety. By authorizing $20 billion in general revenue bonds (at an estimated cost of another $20 billion over 30 years) to fund nearly every conceivable transportation system improvement and maintenance project, Proposition 1B represents an approach unprecedented in size and scope for transportation funding in California.

Proposition 1B was passed by the Senate by a vote of 37-1 and by the Assembly by a vote of 61-10. Proposition 1B enjoys widespread support, including transportation and air quality officials, the Chamber of Commerce, AAA, and even the California Taxpayers' Association.

Supporters argue that the spending authorized by the initiative is essential to address California's severe traffic congestion problems, enhance transportation safety, expand public transportation, and improve air quality. They claim that Proposition 1B is a necessary part of the "Rebuild California Plan," which includes several bond initiatives before voters this November covering housing, schools, and water infrastructure. They argue that 1B does not raise taxes, likening the bond measure to a home mortgage: "Prop. 1B lets us begin building roads now and pay for them as we use them – with current tax revenues and without raising taxes."

Opponents include some members of the assembly, candidate for lieutenant governor Tom McClintock, and the Performance Institute.

Most agree there is a pressing need to resolve traffic congestion and provide infrastructure improvements, but disagree with the approach taken by Proposition 1B. They argue that California is already deeply in debt and that it is fiscally irresponsible to borrow $20 billion more for these proposed programs, saddling taxpayers for the next 30 years with the debt payments for non-capital projects which should be funded on a pay-as-you-go basis. They argue that the programs authorized in Proposition 1B are a hastily assembled hodgepodge of endeavors, many of which are of unknown or questionable value, and that the door will be opened to aggressive lobbying, with the awarding of funds based upon pork barrel/special interest politics, rather than merit or need. They also argue that funding such projects out of general revenues results in an inequitable disconnect between those who will benefit from the transportation projects and those who pay for them. They support alternate approaches to transportation project selection and financing based on local self-help, market demand, user fees, private investment, and public-private partnerships.

The State's summary and analysis of Proposition 1B, along with the full text of the law and arguments for and against the measure, are available on the California Secretary of State's Web site—www.ss.ca.gov—in the Voter Information Guide.

Part 2

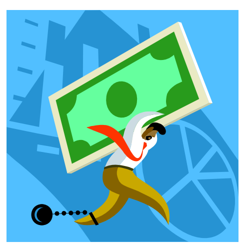
Proposition 1C

Housing and Emergency Shelter Trust Fund Act of 2006

If this proposition passes, California would borrow $2.85 billion by issuing bonds that must be paid off from the state's general fund. The main revenue source for the general fund is state tax revenue. The Legislative Analyst estimates that it would cost the state about $6.1 billion over 30 years to pay off both the principal ($2.85 billion) and interest costs ($3.3 billion) on the bonds. Annual payments would require expenditures from the general fund of about $204 million. Proposition 1C would cost each California household about $500.

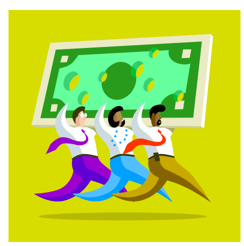
Borrowed amount

$2.85 billion



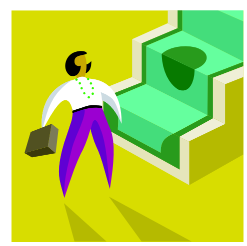
Cost to pay off

$6.1 billion



Cost per year

$204 million



Cost per household

$500

The $2.85 billion proceeds from the bond sale would be directed into 13 new and existing housing and development programs to be spent over the next 10 years. About half of the funds would go to existing state housing programs, with the other half going toward the establishment of development programs to be further spelled out by the legislature.

The $2.85 billion would be used as follows:

- **$850 million** would go into the newly created Regional Planning, Housing, and Infill Incentive Account. The legislature would have the power to spend these funds for urban-centered development in accordance with whatever criteria it establishes in the future. Uses of the money may include park creation, development, and rehabilitation; water, sewer, and transportation projects; and environmental cleanup.

- **$345 million** would be transferred to the Housing Rehabilitation Loan Fund to pay for low-interest loans to local governments, nonprofit organizations, and private developers to build housing developments for low-income renters.
- **$300 million** would be paid into the newly created Transit-Oriented Development Account and would be made available for appropriation by the legislature for grants and loans to local governments and developers for more dense housing development located near public transportation.
- **$300 million** would be deposited into the Self-Help Housing Fund to pay for a variety of existing homeownership programs for low-income households, $10 million of which would pay for construction management for low- and moderate-income families.
- **$200 million** would be transferred into the newly created Housing Urban-Suburban-and-Rural Parks Account, which the legislature would have the power to spend on “housing-related parks grants” pursuant to whatever criteria it establishes in the future.
- **$200 million** would go into the Self-Help Housing Fund to pay for a down payment assistance low-interest loan program where up to 6 percent of a home purchase price is deferred for first-time low- or moderate-income homebuyers.
- **$195 million** would be transferred to the Housing Rehabilitation Loan Fund to pay for “supportive housing” for people moving from emergency shelters or transitional housing or who are at risk of homelessness.
- **$135 million** would be transferred to a fund that would pay for low-interest loans and grants to create housing for farmworkers.
- **$125 million** would be paid into the Building Equity and Growth in Neighborhoods Fund and paid out in grants to local governments for homebuyer assistance.
- **$100 million** would be deposited into the newly created Affordable Housing Innovation Fund, to pay for grants and loans for pilot projects pursuant to criteria to be established by the legislature by a two-thirds vote of each house.
- **$50 million** would be transferred to the Housing Rehabilitation Loan Fund to pay for housing projects targeting homeless young people.
- **$50 million** would go into the Emergency Housing and Assistance Fund to be paid out in capital assistance grants for homeless shelters.

The legislature would retain broad authority to make future changes to how funds are spent on most of the programs above.

The Department of Housing and Community Development and the California Housing Finance Agency would spend between $100 million and $150 million in administrative costs to implement Proposition 1C, according to the Legislative Analyst.

Most of the 200,000 houses and apartments that are built in California each year are developed entirely with private dollars. Some housing units, however, receive subsidies from federal, state, and local governments. In 2002, voters approved $2.1 billion of general obligation bonds to fund state housing programs, most of which has been spent.

Proposition 1C was passed by the Senate by a vote of 27-11 and by the Assembly by a vote of 54-16. Proposition 1C is supported by range of groups including Habitat for Humanity, AARP, the California Chamber of Commerce, and California Partnership to End Domestic Violence.

Supporters argue Proposition 1C would provide emergency shelter for battered women, affordable homes for seniors and low-income families, and shelters with social services for homeless families with kids and disabled people. The California State Sheriffs Association says that “Most cities in California don’t have adequate shelters for women and children who have been beaten and abused.” Supporters claim that Proposition 1C “creates 87,000 jobs and helps improve the state’s economy.”

Opponents include members of the Assembly – including candidate for lieutenant governor Tom McClintock - the California Taxpayer Protection Committee, the Performance Institute, and Reason Foundation.

Opponents argue that Proposition 1C is fiscally irresponsible by saddling taxpayers with over $6 billion in debt to be repaid over 30 years, for programs that would be administered during the next 10 years. They argue that Proposition 1C empowers the legislature to spend funds on pet projects based on special interest politics and lobbying, rather than merit. They acknowledge that only 14 percent of families in California can now afford the median-priced home, but they say that government itself is to blame for this problem with more than half the cost of a home or apartment rent in California due to taxes, regulation, environmental lawsuits, fees, and other forms of government interference in the free market. Further, opponents argue that only a small fraction of the bond’s funds would actually be allocated to programs designed to provide shelter for homeless persons, foster children, victims of domestic violence, and others, with the bulk of funding directed toward the promotion of infill and transit-oriented development and mortgage assistance.

The State’s summary and analysis of Proposition 1C, along with the full text of the law and arguments for and against the measure, are available on the California Secretary of State’s Web site—www.ss.ca.gov—in the Voter Information Guide.

Part 3

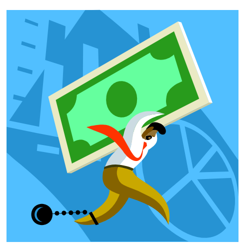
Proposition 1D

Kindergarten–University: Public Education Facilities Bond Act of 2006

If this proposition passes, California will borrow $10.4 billion by issuing bonds that must be paid off from the state's general fund. The main revenue source for the general fund is state tax revenue. The Legislative Analyst estimates that it would cost the state about $20.3 billion to pay off both the principal ($10.4 billion) and interest ($9.9 billion). Annual payments would require expenditures from the general fund of about $680 million. The total cost would be about $1,800 for each California household.

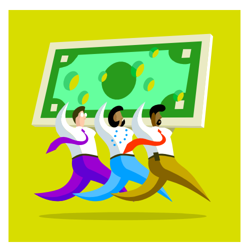
Borrowed amount

$10.4 billion



Cost to pay off

$20.3 billion



Cost per year

$680 million

Cost per household

$1,800

This measure gives the state the power to sell $10.4 billion of general obligation bonds for K-12 school facilities and higher education facilities. The governor and legislature would select the higher education project expenditures, and would have the power to amend the K-12 projects defined in Proposition 1D. Major programs include:

K-12 Facilities ($7.3 billion)

- **$3.3 billion** would be spent on modernization projects for existing schools as defined under current law. School districts would be required to pay 40 percent of project costs, unless they qualify for state hardship funding.

- **$1.9 billion** would be spent on new school facilities, including site acquisition, project design, engineering, construction, and inspection. Up to $200 million of this amount could be spent on seismic upgrades for existing schools. Districts would be required to pay 50 percent of new construction and earthquake-safety projects, unless they qualify for state hardship funding.
- **$1 billion** would be spent on relief grants to school districts for buildings to relieve severely overcrowded schools, such as by replacing portable classrooms with newly constructed permanent classrooms and removing portable classrooms from overcrowded school sites. Districts would be required to pay 50 percent of project costs. Under the program definition of overcrowded, roughly 1,800 schools (or 20 percent of all schools) would be eligible for these funds.
- **$500 million** would go to charter schools for new construction and modernization of facilities. Charter schools are public schools that are exempt from certain state requirements in exchange for adhering to a local- or state-approved charter. A 50 percent local contribution would be required.
- **$500 million** would be spent on grants to high schools and local agencies for facilities involving technical schools. Grants would not exceed $3 million for each new construction project and $1.5 million for each modernization project. The required local contribution would be 50 percent of project costs. Approximately 500 school districts and 25 local agencies would be eligible for new construction and modernization grants.
- **$100 million** would be spent on special grants for "high performance" schools to promote designs and materials that involve the efficient use of energy and water, natural lighting, recycled materials, or the use of acoustics conducive to teaching and learning. The same local contributions would be required as for other new construction and modernization projects.
- **$29 million** would be available for both constructing new facilities and reconfiguring existing facilities for joint-use purposes such as gymnasiums, libraries, child care facilities, and teacher preparation facilities. The school district and joint-use partner would share the 50 percent local matching requirement.

The legislature would be given the power to amend the above programs and amounts with a two-thirds vote in each house.

Higher Education Facilities ($3.1 Billion)

- **$1.507 billion** would go to California Community Colleges for construction according to criteria specified by the legislature and the Higher Education Facilities Finance Committee.

- **$890 million** would be available for the legislature to appropriate for capital improvements at the University of California and The Hastings College of Law, with $200 million dedicated to facilities involving medical education programs.
- **$690 million** would be available for the legislature to appropriate for capital improvements in the California State University system.

Most funding for school facilities comes from state and local general obligation bonds, mostly paid for by developers through fees they are assessed when building projects are approved. Since 1996, voters have approved a total of $28.1 billion in state bonds for K-12 school facilities, with about $3 billion of these funds remaining unspent. During this same time period, voters have approved $6.5 billion in state general obligation bonds for capital improvements at public higher education campuses, virtually all of which has been spent or committed. The state also has provided about $1.6 billion in lease-revenue bonds (authorized by the legislature) for this same purpose. In addition to these state bonds, higher education facility funding comes from local general obligation bonds (for community college districts), gifts and grants, and research revenue bonds sold by the University of California.

Proposition 1D was passed by the Senate by a vote of 29-8 and by the Assembly by a vote of 58-12. Proposition 1C is supported by the governor, the California Teachers Association, the Coalition for Adequate School Housing, and many others. Opponents include some members of the assembly, the California Taxpayer Protection Committee, and the Performance Institute.

Supporters say that “over a million students are trying to learn in schools with at least 75 percent more students than they were designed for.” They argue that the State Architect has concluded that over 7,000 school buildings and many others on college campuses need structural upgrades to be earthquake safe. And, they say, “it doesn’t bite off more than we can afford to do right now, and it allows planning for the future that is vitally important.”

Critics agree that schools must be in adequate and safe condition, however they point out that this bond funds a variety of new, untested programs instead of basic structural improvements to existing schools. They say the measure is unfair because the local funding requirement results in most state funding going to wealthier local districts, despite the cost being paid by everybody. They argue that the measure gives the legislature a blank check to fund pet higher education construction projects. Opponents claim that California does not need to incur more debt to build and modernize schools. Instead, the state can expand year-round school and better utilize its existing school facilities, and fund further school construction on a pay-as-you-go basis.

The State’s summary and analysis of Proposition 1D, along with the full text of the law and arguments for and against the measure, are available on the California Secretary of State’s Web site—www.ss.ca.gov—in the Voter Information Guide.

Part 4

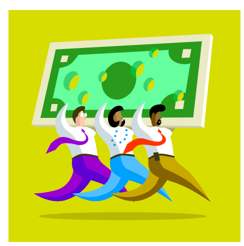
Proposition 1E

Disaster Preparedness and Flood Prevention Bond Act of 2006

If this proposition passes, California will borrow $4.1 billion by issuing bonds that must be paid off from the state's general fund. The main revenue source for the general fund is state tax revenue. The Legislative Analyst estimates that it would cost the state about $8 billion over 30 years to pay off both the principal ($4.1 billion) and interest ($3.9 billion) costs on the bonds. Annual payments would require expenditures from the general fund of about $266 million, which averages out to be about $700 for every California household.

Borrowed amount
$4.1 billion

Cost to pay off
$8 billion



Cost per year
$266 million

Cost per household
$700

The measure gives the legislature the power to appropriate these borrowed funds for various activities, allocated as follows:

Uses of Bond Funds

- **$3 billion** would go to the Department of Water Resources (DWR) to be spent on the "evaluation, repair, rehabilitation, reconstruction, or replacement of levees, weirs, bypasses, and facilities" located in the Sacramento and San Joaquin River drainage basin in the Central Valley. This includes evaluating and repairing facilities, repairing erosion sites, removing sediment, and participating in "natural community conservation plans." With the exception of improvements to Folsom Dam, no single project is supposed to receive more than $200,000,000. Part of the $3 billion is also to be spent by DWR on local assistance for delta levee maintenance and for various special flood control projects.

- **$500 million** would go to DWR to fund local projects outside of the Central Valley system in accordance with existing water resource and flood control laws already in effect.
- **$300 million** would go to DWR to pay out in the form of grants for stormwater flood management projects outside of the Central Valley system.
- **$290 million** would go to DWR to spend on the "protection, creation, and enhancement" of flood protection corridors. Purposes for which these funds may be spent include constructing new and modifying existing levees, "acquiring easements and other interests in real property" to enhance flood protection corridors and preserve or enhance agricultural uses and wildlife value of the property, and for mapping.

The Legislative Analyst points out the initiative would also have property tax-related impacts because it authorizes an unspecified amount of funds to be spent to acquire an unknown amount of real estate, which would become exempt from local property tax. The Legislative Analyst estimates this could cost local governments "up to several million dollars annually."

Since 2000, the state has spent a widely varying amount of money from the general fund for flood management, ranging from $60 million to $270 million per year. In early 2006, the legislature approved $500 million for emergency levee repairs and other flood management projects. Since 1996, voters have authorized about $400 million in general obligation bonds for flood management, most of which has been spent.

Proposition 1E was passed by the Senate by a vote of 36-1 and by the Assembly by a vote of 62-9. Proposition 1E supporters include the Western Growers, California Environmental Protection Agency, State Water Resources Control Board, and the California Fire Chiefs Association. Opponents include members of the assembly, the California Taxpayer Protection Committee, and the Performance Institute.

Supporters hold that this bond is needed to protect adequately against floods, prevent ocean pollution, and safeguard drinking water supplies. California Department of Water Resources Director Lester Snow says that "Californians deserve to know that their homes and families are protected from flooding... Proposition 1E is vital to the state's ability to ensure flood safety throughout the state." They say that Proposition 1E won't raise taxes to pay for the specified infrastructure improvements.

Critics point out that the estimated annual payments of $266 million for 30 years needed to repay the bond with interest significantly exceeds the typical annual amount the legislature has been willing to spend for flood control purposes in the past. Therefore, unless spending is cut elsewhere on programs the legislature has refused to cut in the past—and which are unspecified in the initiative—taxes must go up to fund Proposition 1E. They also warn that funding for specific projects will be based on political influence rather than critical need. Critics of the bond recommend financing needed infrastructure improvements through existing state and federal revenue and local/regional user fees.

The State's summary and analysis of Proposition 1E, along with the full text of the law and arguments for and against the measure, are available on the California Secretary of State's Web site—www.ss.ca.gov—in the Voter Information Guide.

Part 5

Proposition 84
The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006

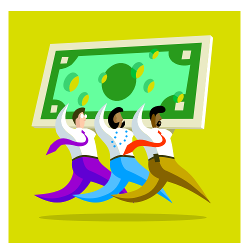
If this proposition passes, California will borrow $5.4 billion by issuing bonds that must be paid off from the state's general fund. The main revenue source for the general fund is state tax revenue. The Legislative Analyst estimates that it would cost the state about $10.5 billion to pay off both the principal ($5.4 billion) and interest ($5.1 billion). Annual payments would require expenditures from the general fund of about $350 million. The total cost exceeds $900 for each California household.

Borrowed amount

$5.4 billion

Cost to pay off

$10.5 billion



Cost per year

$350 million

Cost per household

$900

This measure gives the state the power to sell $5.4 billion of general obligation bonds to pay to various agencies and other organizations for a wide variety of water, flood control, natural resources, and parks-related projects, including:

- **$1 billion** would be paid to the Department of Water Resources for grants for projects that "assist local public agencies to meet the long term water needs of the state" in accordance with a number of criteria specified in the initiative, with funding levels specified for each of 11 geographic regions in the state. One-hundred million dollars is reserved for inter-regional and unspecified projects.

- **$400 million** would be given to the Department of Parks and Recreation for "development, acquisition, interpretation, restoration, and rehabilitation" of the park system and its "natural, historical, and visitor serving resources."
- **$400 million** would be paid to the Department of Parks and Recreation for grants for new and existing local and regional parks.
- **$275 million** would be paid to the Department of Water Resources for a range of flood control purposes such as inspections, evaluation, construction, environmental mitigation, etc.
- **$275 million** would be paid to the Department of Water Resources for projects related to responding to levee breaches and reducing the potential for levee failures in the Sacramento-San Joaquin River Delta.
- **$180 million** would be paid to the Department of Fish and Game for Bay-Delta and coastal fishery restoration projects, including up to $20 million for a natural community conservation plan for the CALFED Bay-Delta Program and up to $45 million for coastal salmon and steelhead fishery restoration projects.
- **$180 million** would be paid to the Department of Health Services for grants to "small community drinking water systems" for facilities to meet drinking water standards. Grants may cover feasibility studies and facility construction.
- **$180 million** would be paid to the Department of Water Resources for matching federal funds relating to flood control.
- **$180 million** would be "continuously appropriated" to the Wildlife Conservation Board for forest conservation project grants.
- **$135 million** would be spent on the State Coastal Conservancy for miscellaneous beach and water projects.
- **$135 million** would be "continuously appropriated" to the Wildlife Conservation Board for habitat protection project grants, including up to $25 million for the University of California for research and training facilities.
- **$130 million** would be given to the Department of Water Resources for grants for water quality projects in the Sacramento-San Joaquin River Delta.
- **$108 million** would be given to the San Francisco Bay Area Conservancy Program for miscellaneous beach and water projects, at least 20 percent involving watersheds draining into the Pacific Ocean.
- **$100 million** would be paid to the Department of Parks and Recreation for grants to non-profit organizations and public institutions for nature education and research facilities.
- **$100 million** would be paid to the Secretary of the Resources Agency for salmon projects in the San Joaquin River between Friant Dam and the Merced River.

- **$90 million** would be given to the California Ocean Protection Trust Fund to fund grants for research projects involving marine resources and wildlife.
- **$90 million** would go to the State Water Resources Control Board for grants for clean beaches, at least 20 percent of which would be paid to the Santa Monica Bay Restoration Commission.
- **$90 million** would go to the Wildlife Conservation Board for grants to assist in implementing natural community conservation plans.
- **$90 million** would go to the Wildlife Conservation Board for water- and resources-related grants to local agencies as defined by the legislature.
- **$90 million** would be made available to the legislature to spend on "planning grants" and "planning incentives" for the development of local land use plans that "promote water conservation, reduce automobile use and fuel consumption, protect natural resources and agricultural lands, and revitalize urban and community centers."
- **$90 million** would be made available to the legislature to spend on "urban greening projects" according to criteria to be defined in the future.
- **$80 million** would go into the State Water Pollution Control Revolving Fund to get federal matching funds to pay for infrastructure projects to "prevent pollution of drinking water sources."
- **$72 million** would be given to the Secretary of the Resources Agency for projects involving river parkways.
- **$65 million** would go to the Department of Water Resources for planning and feasibility studies involving statewide water supply and flood control.
- **$60 million** would get paid to the Department of Health Services for grants and loans for projects addressing contamination of groundwater that serves as a source of drinking water, according to procedures to be determined by the legislature.
- **$54 million** would go to the Department of Water Resources for projects that provide public access to recreation, fish, and wildlife resources.
- **$54 million** would go to the Sierra Nevada Conservancy for water and natural resources projects.
- **$50 million** would go into the Safe Drinking Water Revolving Fund to get federal matching funds to pay for "assistance to communities in providing safe drinking water."
- **$47 million** would get deposited into the Salton Sea Restoration Fund.
- **$45 million** would go to the California Conservation Corps for water and natural resources projects, facilities acquisition, and state administration costs, including grants to local conservation corps.
- **$45 million** would go to the State Coastal Conservancy for projects in the Monterey Bay and its watershed.

- **$45 million** would go to the State Coastal Conservancy for projects to “expand and improve” the Santa Ana River Parkway, with $30 million of this amount divided equally among projects in Orange, San Bernardino, and Riverside Counties.
- **$45 million** would go to the “protection” of ranches, farms, and oak woodlands.
- **$40 million** would go to the Department of Water Resources for flood protection corridor projects satisfying existing law.
- **$36 million** would be given to the California Tahoe Conservancy for water and natural resources projects.
- **$36 million** would be given to the Coachella Valley Mountains Conservancy for water and natural resources projects.
- **$36 million** would go to the Department of Water Resources for water conservation projects related to the Colorado River water allocation agreement.
- **$36 million** would be given to the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy for water and natural resources projects.
- **$36 million** would be given to the San Joaquin River Conservancy for river parkway projects.
- **$36 million** would go to the Santa Monica Mountains Conservancy for water and natural resources projects around the Upper Los Angeles River.
- **$30 million** would go to the Department of Water Resources for floodplain mapping and assisting local land-use planning.
- **$27 million** would go to the State Coastal Conservancy for projects in the San Diego Bay and its watershed.
- **$20 million** would go to the Santa Monica Mountains Conservancy for projects in the Santa Monica Bay and its watershed.
- **$18 million** would be paid to the Department of Water Resources for the restoration of urban streams.
- **$15 million** would go to the Rivers and Mountains Conservancy for projects in the Santa Monica Bay and its watershed.
- **$15 million** would go to the State Water Resources Control Board for grants to public agencies and non-profit organizations for projects that reduce agricultural pollutant discharge.
- **$10 million** would go to the Baldwin Hills Conservancy for projects in the Ballona Creek/Baldwin Hills watershed.
- **$10 million** would get paid to the Department of Health Services for grants and direct expenditures for “emergency and urgent actions to ensure that safe drinking water supplies are available.”

- **$7 million** would get paid to the Department of Fish and Game for projects to implement the "Lower Colorado River Multi-Species Habitat Conservation Plan."

Since 1996, voters have approved $11.1 billion state bonds for drinking water, flood control, and natural resources programs.

Proposition 84 was placed on the ballot by initiative from a coalition of 11 environmental groups and land trusts, which obtained 632,000 signatures to qualify. Proposition 84 is supported by a large number of environmental and conservation groups and public agencies throughout the state. Opponents include some members of the assembly, taxpayer organizations, and several water districts that decry the proposition's lack of focus on actual water infrastructure improvement.

Proponents argue that the spending contained in Proposition 84 is essential to protect California's water, land, and coastline, especially in the San Francisco Bay/Sacramento-San Joaquin River Delta area, which is the largest estuary on the nation's west coast. They claim the measure will not raise taxes.

Critics agree on the importance of clean water, flood, and resource protection, but argue that Proposition 84 wastes limited resources on a hodgepodge of projects that will do little to fulfill that objective. They point out that the measure provides no funding for dams or water storage, and limited funds for levee maintenance and repair. Proposition 84 authorizes state officials to spend billions of dollars on projects of questionable merit that serve narrow interests, they say, and taxpayers will certainly pay more in taxes to repay the bonds.

The State's summary and analysis of Proposition 84, along with the full text of the law and arguments for and against the measure, is available on the California Secretary of State's Web site —www.ss.ca.gov—in the Voter Information Guide.

About the Author

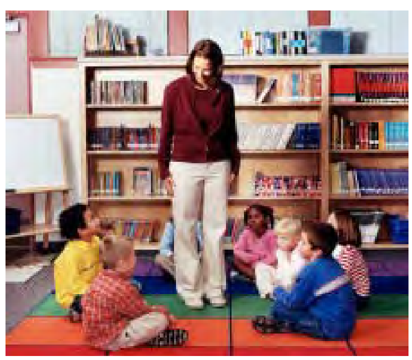
Adrian Moore is vice president of research at Reason Foundation and oversees all of Reason's policy research and conducts his own research on topics including transporation, privatization, and government finance. Mr. Moore is co-author of the book *Curb Rights: A Foundation for Free Enterprise in Urban Transit*, published in 1997 by the Brookings Institution Press, as well as dozens of policy studies. He earned a Ph.D. in Economics from the University of California, Irvine. He holds a Master's in Economics from the University of California, Irvine and a Master's in History from California State University, Chico.

CALIFORNIA GENERAL ELECTION





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