October 2, 2018

Honorable Board of Supervisors
Marin County Civic Center
San Rafael, CA 94903

Re: Consideration of “Support” Resolutions Regarding Propositions 1-3 and 12; “Oppose” Resolutions Regarding Propositions 5-6; and taking a “Neutral” or “No Position” stance regarding Propositions 4, 7-8, and 10-11, all appearing on the November 6, 2018 Statewide Ballot

Dear Supervisors:

RECOMMENDATION: Consider adopting “Support” resolutions relating to Propositions 1-3 and 12; “Oppose” resolutions regarding Propositions 5-6; and taking a “Neutral” or “No Position” stance regarding Propositions 4, 7-8, and 10-11, all appearing on the November 6, 2018 Statewide Ballot.

BACKGROUND: There are eleven propositions on the November 6, 2018 statewide ballot. We are bringing forward a high-level overview regarding these measures with recommended “Support” positions regarding four and “Oppose” positions regarding two. We recommend a “Neutral” or “No Position” stance regarding the remaining five measures based upon their not being directly related to County government, or upon the recommendation of your Board’s Legislative Subcommittee. To better assist your Board, we are framing the measures into these two broad categories:

A. Recommended position – “Support” or “Oppose” based on past Board policy action or consistency with the Legislative Plan;

B. “Neutral/No policy position” recommended because the measure is not directly related to County government or based upon the recommendation of your Board’s Legislative Subcommittee.

Summary background information can be found in Attachment A, a Quick-Reference Guide prepared by the California Secretary of State. The full Official Voter Information Guide (96 pages) is available from the Secretary of State’s website at: https://vig.cdn.sos.ca.gov/2018/general/pdf/complete-vig.pdf. Specific ballot language is also available from the Secretary of State’s website at: http://www.sos.ca.gov/elections/ballot-measures/qualified-ballot-measures/

A. RECOMMENDED POSITION (SUPPORT OR OPPOSE)

PROPOSITION 1. regarding state bonds for housing-related programs, would support a variety of programs that directly address the state housing affordability crisis. It would authorize $4 billion in general obligation bonds for housing-related programs, and housing loans for veterans, including: $1 billion for the CalVet Home Loan Program for the purchase of homes, farms and mobile homes; $1.5 billion for the Multifamily Housing Program for the construction, rehab and preservation of rental housing for low income persons; $150 million each for the Transit-Oriented
Development Implementation Fund and the Home Purchase Assistance Program; and $300 million each for four other fund/grant programs for those with housing needs.

Supporters include the California State Association of Counties (CSAC), the League of California Cities, the League of Women Voters, and the State Legislature, generally applying the policy argument that such bonds would increase the amount of affordable housing in the state. Opponents include the Howard Jarvis Taxpayers Association, generally arguing that the state is overly reliant on bonds.

The Legislative Analysts' Office (LAO) estimates that approval would increase state costs to repay the bonds by about $170 million annually over the next 35 years.

Consistent with CSAC, and also with Board policy and the Legislative Plan in favor of additional state funding toward housing, we recommend a SUPPORT position on Proposition 1.

**PROPOSITION 2**, regarding clarification of the use of Mental Health Services Act (MHSA) funding, would authorize up to $1.8 billion in bond funding, and the redirection of up to $140 million in MHSA funding annually, to provide grants to counties for permanent supportive housing projects for those who are homeless or at risk of homelessness and living with a serious mental illness.

The bond money was approved by voters in 2004 under Proposition 63, which raised state taxes on the wealthiest Californians to fund mental health programs. A subsequent program called "No Place Like Home" sought to use the funding for permanent supportive housing for chronically homeless people with mental illness, which was then challenged in court. Voter approval of Proposition 2 would clarify and authorize the money to be spent on creating such permanent supportive housing for chronically homeless people with mental illness.

Supporters include CSAC, League of California Cities, League of Women Voters and the California Police Chiefs Association, which generally contend that the funding is necessary to implement the goals of the No Place Like Home Act to address homelessness and strengthen partnerships to help people in need. Opponents generally argue that Proposition 63 money must be spent on treatment programs (only). The court case is still active but would be rendered moot if Proposition 2 is approved.

The LAO estimates that approval would require the state to use up to $140 million per year of Proposition 63 funds repay up to $2 billion in bonds for this purpose.

Consistent with CSAC and Board policy in favor of additional state funding for permanent supportive housing for chronically homeless people with mental illness, we recommend a SUPPORT position on Proposition 2.

**PROPOSITION 3**, regarding water infrastructure and watershed conservation, would fund a variety of water related projects, including watershed restoration, fish and waterfowl habitat improvement, safe drinking water, the Sustainable Groundwater Management Act, stormwater, forest health and watershed improvements, and other
areas of importance to counties. It would authorize $9 billion in state general obligation bonds in the following categories:

- $3.0 billion for safe drinking water and water quality,
- $2.9 billion for watershed and fisheries improvements,
- $940 million for habitat protection,
- $855 million for improved water conveyance,
- $685 million for groundwater sustainability/storage, and
- $472 million for surface water storage/dam repairs.

Supporters include CSAC, the League of California Cities, and a coalition of businesses, organizations, conservation groups and individuals, which contend that the measure will help in providing safe drinking water to millions across the state as well as reducing damages from flooding and erosion due to climate change. Opponents include the Sierra Club, which argues that the bonds will allow for more dams to be built, which they and other environmental groups generally oppose. The League of Women Voters also opposes, contending that it shifts the cost for water from the end users to taxpayers; reduces state money available for other critical state programs; and fails to provide adequate project oversight and financial accountability.

The LAO estimates that approval would increase state costs to repay bonds averaging $430 million per year over 40 years. Local government savings is estimated for water-related projects, likely averaging a couple hundred million dollars annually over the next few decades.

Consistent with CSAC and with Board policy in favor of water infrastructure and watershed conservation, we recommend a SUPPORT position on Proposition 3.

PROPOSITION 5, regarding the transfer of Proposition 13 tax values, would expand base year value transfers for homeowners 55 and older and/or severely disabled by allowing eligible homebuyers to transfer their tax assessments from their prior home to their new home no matter (a) the new home’s market value; (b) its location in the state; or (c) the buyer’s number of moves.

Generally speaking, such homeowners currently may transfer their property tax base to a replacement residence only if the replacement property is of equal or lesser value, the replacement residence is in a specific county, and the transfer occurs only once. The table below summarizes the key changes:

<table>
<thead>
<tr>
<th></th>
<th>Homeowner Eligibility</th>
<th>Residential Property Eligibility</th>
<th>Frequency</th>
<th>County to County Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Law</strong></td>
<td>Restricted to homeowners 55+ or severely disabled</td>
<td>Restricted to replacement properties of equal or lesser value</td>
<td>A once in a lifetime</td>
<td>Only if approved by Board of Supervisors</td>
</tr>
<tr>
<td><strong>Proposed Initiative</strong></td>
<td>Same</td>
<td>No value limit on replacement properties</td>
<td>Unlimited Transfer Opportunities</td>
<td>Permitted anywhere in the state, between any counties</td>
</tr>
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**COUNTY OF MARIN**

**OFFICE OF THE COUNTY ADMINISTRATOR** 3501 Civic Center Drive · Suite 325 · San Rafael, CA 94903
Supporters include the California Association of Realtors, arguing that approval would allow empty-nesters to move more easily by keeping their property taxes low, which could free up housing in high-demand areas. The California Chamber of Commerce has also endorsed the measure. Opponents include the California Teachers Association and CSAC, which argues that the measure will significantly reduce a reliable source of revenue without providing additional housing — and that approval would erode local control over property tax revenues. CSAC argues that it "would expand property tax portability for homeowners and keep property taxes suppressed under Proposition 13 (1978) by allowing eligible homeowners to keep their artificially low property tax bill when they move to a home of any value, anywhere in the state, as many times as they choose." The League of Women Voters also opposes on the basis that the measure does nothing to help low-income seniors or families struggling to find housing.

The LAO estimates that approval will initially cost schools and local governments statewide about $100 million per year, rising to more than $1 billion over time. With no plan to replace those funds, cities, counties and special districts would have to reduce key services and personnel.

Consistent with CSAC, and with Board policy to maintain local control and a stable source of local revenues, we recommend an OPPOSE position on Proposition 5.

**PROPOSITION 6.** regarding repeal of 2017's Senate Bill 1 (SB 1), would create the additional step of voter approval (via ballot propositions) to impose, increase, or extend fuel taxes or vehicle fees. The requirement that tax increases receive voter approval would affect taxes and tax rates enacted after January 1, 2017, meaning fuel taxes and vehicle fees that were created or increased in 2017 or 2018 would be repealed retroactively — including SB 1, the Road Repair and Accountability Act of 2017, approved by the legislature in April 2017.

Counties and cities have been receiving monthly apportionments since January 2018 and have already identified some 6,500 projects statewide to fund bridge and road safety, transportation, and public transit improvement projects. If repealed, the state would lose over $5 billion annually for local streets and roads, state highways, and public transportation. Marin County would no longer receive $4-$5 million annually in SB 1 revenues for local street and road repairs and additional project funding to provide essential transportation infrastructure improvements.

Supporters include the Howard Jarvis Taxpayers Association, citing "the high percentage of taxes and fees already paid at the pump by Californians, who pay the second highest gas prices in the nation." Support arguments generally claim that the state has redirected other money intended for transportation and can use surpluses instead. Opponents include CSAC, the League of California Cities, the League of Women Voters, and the California Chamber of Commerce, arguing that the state is already effectively employing SB 1 funds to repair roads and bridges, make our highways safer, and make it easier to move and deliver the goods and services.

The LAO estimates reduced annual state transportation tax revenues of $2.9 billion in 2018-19, increasing to $4.9 billion annually by 2020-21. These revenues primarily support state highway maintenance and rehabilitation, local streets and roads, and mass transit. In addition, impacts include potentially lower transportation tax revenues
in the future from requiring voter approval of such tax increases, with the impact dependent on future actions by the Legislature and voters.

Consistent with CSAC, and with Board policy to restore or increase federal and state funding for local streets and roads after many years of declining revenue, we recommend an **OPPOSE** position on Proposition 6.

**PROPOSITION 12**, regarding farm animal confinement, would establish new minimum space requirements for confining veal calves, breeding pigs and egg-laying hens; requires egg-laying hens be raised in cage-free environment beginning in 2022; prohibits certain commercial sales of specified meat and egg products from animals confined in a non-complying manner; defines sales violations as unfair competition; and creates good faith defense for sellers relying upon written certification by suppliers that meat or animal products comply with new confinement standards.

In 2008, voters approved Proposition 2, which effective 2015 banned the confinement of pregnant pigs, calves raised for veal, and egg-laying hens in a manner that did not allow them to turn around freely, lie down, stand up, and fully extend their limbs. Proposition 12, among other requirements, would ban the sale of meat and eggs from calves raised for veal, breeding pigs, and egg-laying hens confined in areas below a specific number of square feet — extending the requirements of Proposition 2 with more specificity regarding permitted confinement space and prohibiting the sale of animals not raised in compliance. For example, Prop 12 would require (effective 2020) confining egg-laying hens to cages with no less than 1 square foot usable floor space per bird (though cage-free housing would be required by 2022).

Supporters include a coalition of veterinarians, farms and sanctuaries, food safety groups and animal protection organizations, including the Human Society of the United States, Marin Humane, and the ASPCA - which argue that the law will help serve to phase out extreme methods of farm animal confinement and decrease the risk for food-borne illnesses. Supporters will acknowledge that 'cage-free does not guarantee "cruelty-free," however cage-free hens generally have significantly better lives than those confined inside battery cages.'

Opponents include the Humane Farming Association, Association of California Egg Farmers, National Pork Producers Council, and the People for the Ethical Treatment of Animals. Opposition arguments generally claim the measure will increase food costs, and that The Humane Society of the United States has not followed through on what it had promised with Proposition 2 in 2008. Some argue that confining hens to cages with no less than 1 square foot of usable floor space per bird in 2020 is still inhumane. PETA argues that Proposition 12 would 'ingrain the farming practice of giving hens a minuscule amount of space for years to come—at a time when companies are already requiring that hens be “cage-free” as a result of massive consumer demand...'

The LAO estimates a potential decrease in state and local tax revenues from farm businesses, likely not to exceed the low millions of dollars annually. Potential state costs ranging up to ten million dollars annually are estimated to enforce the measure.

Consistent with the sustainable agriculture elements of the Legislative Plan, and while Marin County farms exceed national animal protection standards, we recommend a
SUPPORT position on Proposition 12 to help extend local progressive farm, dairy and ranching standards statewide and even further.

B. NEUTRAL OR NO POSITION RECOMMENDED

Below we provide a brief overview regarding the remaining five measures on the November 6, 2018 statewide ballot. For each of these, we recommend a NEUTRAL or NO POSITION stance either because the measure is not directly related to County government or based upon the recommendation of the Legislative Subcommittee:

**PROPOSITION 4**, regarding bonds for children's hospitals, would authorize $1.5 billion in general obligation bonds to award grants to children's hospitals for construction, expansion, renovation, and equipment projects, allocating:

- $1.0 billion to seven designated non-profit hospitals (including Lucile Salter Packard Children's Hospital at Stanford),
- $270 million to five UC general acute hospitals (including UCSF Children's Hospital), and
- $150 million to eligible public and private hospitals.

Supporters include the California Children’s Hospital Association, arguing that demand for pediatric services is increasing and that facilities and equipment need updating.

Opponents include the Howard Jarvis Taxpayers Association and the League of Women Voters, arguing that bonds which taxpayers must repay with interest are not a sound way to finance such improvements and that state funds should not be used to support private facilities, even if the facilities serve severely ill children.

**PROPOSITION 7**, regarding daylight saving time, would repeal Proposition 12 (1949), which established daylight saving time (DST) in California, and allow the California State Legislature to establish permanent DST by a two-thirds vote if federal law is changed to allow for permanent DST.

Supporters generally argue that the biannual time switches, which arose out of wartime energy conservation, are no longer relevant and increase the risk of heart attacks, traffic accidents and general crime.

Although there is no formal opposition, a handful of lawmakers from both parties voted against it previously in the legislature, some of whom argued it would not save energy and others argued that year-round DST would mean children would be going to school in the dark during winter.

Per the LAO, the measure has no direct fiscal effect because changes to DST would depend on future actions by the Legislature and potentially the federal government.

**PROPOSITION 8** would limit amounts that outpatient kidney dialysis clinics may charge for patient care and imposes penalties for excessive charges. It also requires annual reporting to the state regarding clinic costs, patient charges, and revenue – and prohibits clinics from discriminating against patients based on the source of payment for care.
Supporters include SEIU-United Healthcare Workers West, arguing that clinics "gouge" patients who have private insurance and that the initiative will ensure fair pricing. CalPERS also supports, arguing that it may improve healthcare affordability to its members.

Opponents include the American Nurses Association of California, California Medical Association and American College of Emergency Physicians, which contend that it sets arbitrary caps that will lead to dialysis clinics closing and make it harder for patients to receive care.

The LAO estimates an overall annual effect on state and local governments ranging from net positive impact, in the low tens of millions of dollars, to net negative impact, in the tens of millions of dollars, statewide. Clinics will be required to pay rebates when total revenues exceed a specific cap.

**PROPOSITION 10**, regarding rent control, would repeal current state law that restricts the scope of rent-control policies that cities and other local jurisdictions may impose (the Costa-Hawkins Rental Housing Act). It would instead allow policies (meaning that the measure is permissive) that would limit the rental rates that residential-property owners may charge for new tenants, new construction, and single-family homes. It also provides that rent-control policies may not violate landlords’ right to a fair financial return on their rental property.

Supporters include a broad coalition of over 200 groups, programs, unions and organizations, including the League of Women Voters, the California Nurses Association, California Teachers Association, and SEIU California, which argue that current law incentivizes landlords to increase rents to unaffordable levels, serving as a key driver in the current housing availability and affordability crisis.

Opponents include the California Apartment Association and the California Rental Housing Association, California Association of Realtors, Howard Jarvis Taxpayers Association, and the California Chamber of Commerce, which generally contend that Proposition 10 will make the state’s housing crisis worse by repealing an important rental housing law with no replacement and no plan to address affordable housing needs. Others argue that more rent control would tend to reduce the quality and quantity of rental housing, the construction and maintenance of which is discouraged by price caps.

The LAO estimates potentially significant changes in state and local government tax revenues, though a precise estimate is unknown. An increase in local government costs of up to tens of millions of dollars statewide annually is possible in the long term due to increased administrative and regulatory costs, likely paid by fees on owners of rental housing. A decline in the value of rental properties would, over several years, lead to a decrease in property tax payments made by owners of those properties.

Overall, the measure likely would reduce state and local revenues in the long term, with the largest effect on property taxes depending on how communities would respond to the measure. If some communities expand moderate rent control to cover most of their rental housing, revenue losses could be in the tens of millions of dollars per year. If many communities pass strong rent control, revenue losses could be in the
hundreds of millions of dollars annually, due largely to lower property tax collections based upon the decreased value of rental properties.

**PROPOSITION 11** would make labor law that currently entitles hourly employees to take work (meal and rest) breaks without being on-call inapplicable to private-sector emergency ambulance employees. Proposition 11 would allow ambulance providers/employers to require workers to remain on-call (reachable by a portable communications device) during breaks paid at their regular rate; require employers to provide additional training for EMTs and paramedics; and require employers to provide EMTs and paramedics with some paid mental health services.

Supporters include Californians for Emergency Preparedness and Safety and private ambulance companies, which argue that paramedics and EMTs will be reachable on their lunch breaks like other emergency workers to better ensure public safety.

While there were no official arguments submitted for Proposition 11, opponents include the California Teachers Association, with no clear reason given for their position.

The LAO estimates local government net savings likely in the tens of millions of dollars annually statewide due to lower emergency ambulance contract costs.

Please feel free to contact us should you have any questions or concerns regarding any of the above ballot measures.

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Attachment A: Quick-Reference Guide, California Secretary of State