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CALIFORNIA GENERAL ELECTION: VOTER GUIDE

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POLICY
BRIEF

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Voter Guide

By **Mike Flynn and Adrian T. Moore, Ph.D.**

Executive Summary

It is election season and that means Californians once again face a daunting package of ballot questions on difficult public policy issues. This year's initiatives cover a wide range of topics including transportation, gay marriage, criminal justice, hospital construction, the treatment of farm animals and much more. As has been the case in years past, the ballot measures are not always as straightforward as they first appear. Some are premised on questionable assumptions and value judgments. Others, despite admirable motivations, would nevertheless lead to unintended or unforeseeable adverse consequences. Some of these initiatives would empower the government to restrict individual freedom and choice in the name of uncertain benefits. And several would further burden California taxpayers by dramatically expanding the size and scope of state government, most notably by borrowing heavily against the future through bonds.

California's latest budget deferred a nearly \$15 billion shortfall to next year, so voters are going to have to be hardnosed about facing the tough choices these initiatives represent. The amount of general obligation bonds authorized in California has nearly tripled, from \$42.1 billion in 2002 to a staggering \$120.1 billion this year. If the four bond measures on the ballot this November are approved by voters, an additional \$16.8 billion of bond debt would be authorized. Given that the state is already spending well beyond its means with an annual deficit of \$15 billion, increased commitments would be financially irresponsible and an unjust hardship for future generations of taxpayers.

The nonprofit and nonpartisan Reason Foundation has evaluated the 12 initiatives on this year's ballot.

(Note: The budget figures cited in this voter's guide are the official estimates of the California Legislative Analyst's Office.)

B o n d A c t

PROPOSITION 1A

Safe, Reliable High-Speed Passenger Train

Bond Act for the 21st Century Bond Proposal



Proposition 1A authorizes the sale of \$9.95 billion in general obligation bonds to fund the construction of a high-speed passenger rail system connecting San Francisco Transbay Terminal to Los Angeles Union Station. Proposition 1A's bonds would cost taxpayers over \$19 billion through the bond (\$9.95 billion) itself and interest (\$9.5 billion) if sold

over 30 years at 5 percent. The debt would be paid off over 30 years, in annual payments of \$647 million. After it is constructed, the high-speed rail system is projected by officials to cost more than \$1 billion annually for ongoing maintenance and operation.

In 1996, the state created the California High-Speed Rail Authority to develop a high-speed rail system that would connect California's major metropolitan areas and northern and southern California. In 2006, the Authority estimated that the total cost of a statewide high-speed rail system would be \$45 billion. While the measure suggests extending the system statewide, Proposition 1A only authorizes funding for the segment between San Francisco and Los Angeles. Any remaining funds could be used to construct high-speed rail lines between California's other metropolitan areas.

The \$9.95 billion in general obligation bonds would be allocated as follows:

- \$9 billion to acquire or construct right-of-way, trains and related equipment, structures, power systems, and to fund up to half the cost of building tracks and stations for a segment of the high-speed rail route between San Francisco and Los Angeles.
- \$190 million to improve the state's intercity rail services by increasing their capacities or connecting them to the high-speed rail system.
- \$760 million to enhance the capacities of urban and commuter rail services and/or allow passengers to connect to the high-speed rail system.

The California High-Speed Rail Authority, in conjunction with the Transportation and Land Use Coalition, support this measure, arguing that the high-speed rail system will help to reduce pollution and provide more efficient, less expensive transportation options for Californians.

The Howard Jarvis Taxpayers Association and other taxpayer watchdog groups oppose the measure, arguing that the project will likely go well over budget and may never even be completed. The environmental advocacy group, California High Speed Rail Land Impacts, complains that the high-speed rail system would have detrimental effects on many of California's parks and wildlife refuges.

An exhaustive due diligence analysis of the proposed project prepared by Reason Foundation concludes that the officially projected benefits of the California high speed rail system are dangerously optimistic. The Reason Foundation analysis is based on other experiences with high-speed rail worldwide, California demographics, and real-world cost and schedule data for construction and operations. It shows that annual ridership for the system by 2030 will likely be a whopping 64% below the projections claimed by supporters (23.4 million versus 65.5 million). Construction of the first phase of the project will more likely cost \$40-\$50 billion (not \$33 billion as projected) with annual operating costs up to \$1.76 billion (not \$1.1 billion as projected). Express travel times between San Francisco and Los Angeles are expected to be more than an hour longer than projected by project advocates (3 hours, 41 minutes compared to 2 hours, 38 minutes).

Predictable meddling in the project by politicians will make matters even worse: they will inefficiently reroute the line to their districts, build stations that are not necessary, and thwart the construction of stations that are necessary. Air and car travel will likely remain the most popular modes of transportation among cities served by the rail line. Greenhouse gas savings would be well less than half of what supporters claim.

Proponents claim that the high-speeds achieved by the rail network will slash travel times between San Francisco and Los Angeles. However, to be fast, a train has to be light as is the case everywhere in the world that has high-speed rail. In California, parts of the high-speed rail route will utilize tracks used by freight trains, not specialized tracks. Federal safety regulations require that passenger trains mixing with large, heavy freight trains be heavier, and thus safer in the event of collision. But that means California's high-speed trains will likely be slower than bullet trains in use around the world. No train exists that can meet the weight requirements and go as fast as the proponents say California's trains will go.

The benefits of this project are highly questionable and the costs are certain to be enormous. The state's general obligation bond debt has already nearly tripled in just the last six years, rising from \$42.1 billion in FY 2001-02 to \$120 billion in FY 2007-08. These bonds will not fund the complete high-passenger train system and California taxpayers would be on the hook for a boondoggle of a massive scale.

S t a t u t e

PROPOSITION 2

Treatment of Farm Animals Statute



Proposition 2 increases California's regulatory authority over the animal farming industries' production practices. Currently, state law requires anyone who keeps an animal in confinement to provide the animal with an exercise area, and to allow the animal access to shelter, food, and water. Proposition 2 requires animal farmers to confine pregnant pigs, calves raised for veal, and egg-laying hens in a manner that allows them to lie down, stand up, and

fully extend their limbs. Individuals who violate this regulation will be charged with a misdemeanor, punishable by a maximum fine of \$1000, imprisonment for up to six months, or both.

Proposition 2 is sponsored by the Humane Society, Farm Sanctuary, and other animal protection groups who argue that better treatment of animals improves public health, food, and environmental safety and conditions. Many agricultural groups and the Californians for SAFE Food coalition oppose the measure because it would cause the cost of production for animal farmers to increase, leading to a rise in animal commodities prices, would shrink the state's \$300 million egg industry, and would mean higher food prices for consumers.

As a result of Proposition 2, animal farmers' production costs could become prohibitive, causing some farmers to exit the industry. According to a recent study by the University of California at Davis, the cost of egg production would rise by 20 percent or more, and require the industry to invest nearly \$500 million in new, more spacious, housing for chickens. The increase in production costs would also lead to a decrease in production of livestock commodities and a loss of several million dollars in annual state and local tax revenues. In addition, state and local law enforcement resources would have to be diverted toward the prosecution of individuals who violate the new animal confinement regulations.

Proposition 2 would be detrimental to both the producers and consumers of eggs in California. The higher cost of production would force prices to rise at a time when the price of food is already a strain on many household budgets. Egg producers may simply be driven out of business by competition from out-of-state egg producers whose production practices would not be affected by Proposition 2. Even specialty non-cage egg producers could be forced out of business, because the large farms that are currently responsible for conventional egg production also produce most of the non-cage eggs. As the UC Davis study states, “thus the impact of the initiative would not affect how eggs would be produced, only where eggs would be produced.”

The humane treatment of farm animals is important and admirable. However, laws and regulations are not the best way to advance this goal, and they come with unintended consequences. Consumer preferences have already created significant specialty markets for more humane animal products. The proposed regulations won't improve consumer choices, they'll merely drive costs up for all products as production shifts out of state. This is a lose-lose scenario, both for the current consumers of specialty products like cage-free eggs, and for those who rely on conventional products to feed their families.

Groups concerned with the treatment of animals should focus their efforts on educating producers and the public on practices that are more humane and where to buy the products that meet these standards rather than mandating a one-size-fits-all approach that hurts California's farmers, reduces consumers' choices, and increases food prices, putting a further strain on household budgets.

B o n d A c t

PROPOSITION 3

Children's Hospital Bond Act: Grant Program Statute



Proposition 3 authorizes the sale of \$980 million in additional general obligation bonds to fund capital improvement projects at children's hospitals. The debt would be repaid over 30 years at an annual rate of \$64 million, costing taxpayers a total of \$2 billion. Twenty percent of total funds would be allocated to University of California children's hospitals, which have been specifically identified as eligible and 80 percent of total funds would go to nonprofit children's hospitals, which would have to apply for eligibility by submitting a written grant application to the California Health Facilities Financing Authority.

Numerous California medical associations, the California Federation of Teachers, and the League of Women Voters support this initiative. The National Tax Limitation Committee opposes Proposition 3, arguing that the measure would allow some hospitals that are not designed for children to receive funding, and noting that the state has yet to utilize hundreds of millions of dollars from Proposition 61.

In 2004, voters passed Proposition 61, which authorized the sale of \$750 million in general obligation bonds to fund children's hospitals. As of June 1, 2008, \$403 million of Proposition 61 funds have been awarded to eligible hospitals, leaving \$347 million in unused capital.

Taxpayers should not be asked to approve an additional \$980 million in bonds when little more than half of the \$750 million in bonds for children's hospitals that were authorized in 2004 have been used. While ensuring that children's hospitals have the resources to provide for children in their care is undoubtedly important, using bonds to finance the project is fiscally irresponsible. Even after adjusting for inflation, bond financing costs about 30 percent more than pay-as-you-go financing, because the state must pay interest on the bonds in addition to their face value. The state's authorized general obligation bond debt has nearly tripled in just the last six years, from \$42.1 billion in FY 2001-02 to \$120 billion in FY 2007-08.

Lawmakers should examine why almost half the bond funding authorized in 2004 has been left unspent. If money is available and it isn't being used, why incur another round of debt? If funding children's hospitals is truly a high priority for state government then lawmakers should guarantee the funding by including it in the normal budget appropriations bill.

With Proposition 3, lawmakers are evading their duty of implementing budget reforms, such as eliminating lower-priority programs and streamlining other areas of government, which would allow the state to deliver children's hospitals the funding they need. They are also shirking their responsibility to implement comprehensive health care reform which would improve the health choices of all Californians.

Constitutional Amendment

PROPOSITION 4

Waiting Period and Parental Notification Before Termination of Minor's Pregnancy



Since 1953, California minors have been allowed to legally obtain an abortion without parental consent or notification. In 1987, the legislature amended the 1953 law to require parental consent before a minor could obtain an abortion. The new law was never implemented, and the California Supreme Court ultimately struck it down in 1997. Rather than requiring minors to obtain parental consent for an abortion, Proposition 4 stipulates that, with few exceptions, a physician must notify a pregnant minor's parent or legal guardian at least 48 hours before performing an abortion on that minor. Proposition 4 further requires physicians to provide the state Department of Health Services with certain information about the minor and a record of the date and facility where the abortion was performed.

Opponents of abortion, including "Friends of Sarah" and the California Catholic Conference endorse Proposition 4. Planned Parenthood Affiliates of California oppose the measure, as do various California medical associations and the California Teachers Association.

There are very deeply held beliefs on all sides of this issue. Even supporters of the general concept of parental notification, however, should be concerned with the sweeping implications of Proposition 4. This proposition would require physicians to provide a record of the procedure with the name and other details about the minor to state authorities. This might well put a permanently traceable record in state hands, raising privacy and other concerns.

The potential for mandatory parental notification to create incentives for minors to seek risky black market abortions or take other desperate unintended measures are also a serious concern.

Parents obviously have important rights concerning medical decisions involving their minor children. But minors also have rights that in some circumstances require special protections—when in an abusive situation, for example. Proposition 4 includes only the most limited safeguard for the rights of minors.

This initiative represents an unwarranted expansion of government control and intrusion into what is currently a private matter involving families, individuals and their physicians.

S t a t u t e

PROPOSITION 5

Nonviolent Offenders: Sentencing, Parole and Rehabilitation



California's prison and parole system is overcrowded. The state operates 33 state prisons and other facilities, which cannot adequately house the adult inmate population of about 171,000. Proposition 5 aims to move non-violent drug offenders from incarceration to substance-abuse treatment and rehabilitation and to reduce some penalties for possession of small amounts of marijuana.

Proposition 5 is estimated to result in a net savings for the state. While expansion of drug and rehabilitation programs would cost in excess of \$1 billion annually, reducing the number of California inmates and parolees by an estimated 18,000 and 22,000, respectively, it would save taxpayers more than \$1 billion annually, according to the Legislative Analyst's Office. In addition, the reduced inmate population would result in capital outlay savings that could eventually exceed \$2.5 billion.

Briefly, Proposition 5:

- Expands drug treatment diversion programs for criminal offenders by restructuring eligibility requirements for offenders and increasing the amount of money allocated from the General Fund to the Substance Abuse Treatment Trust Fund from \$100 million to \$150 million for the second half of 2008-09 and \$460 million in 2009-10, increasing annually thereafter.
- Modifies parole supervision procedures and expands prison and parole rehabilitation programs. The measure limits the parole terms for non-violent drug offenders without violent criminal backgrounds to six months and increases the parole terms for violent offenders from three to five years.
- Allows inmates charged with a nonviolent offense to earn reduced prison sentences by successfully participating in rehabilitation programs. Violent or sex offenders would not be eligible.

- Makes possession of less than 28.5 grams of marijuana by an adult or a minor an infraction rather than a misdemeanor.

The Center on Juvenile and Criminal Justice, the Drug Policy Alliance Network, and numerous medical associations, such as the California Society of Addiction Medicine support Proposition 5, arguing that treatment, rather than incarceration, is a more appropriate approach.

California state law enforcement organizations and pro-substance-abuse-criminalization organizations such as Mothers Against Drunk Driving oppose the measure insisting treatment must be accompanied by tough penalties for drug offenses.

The United States incarcerates a larger percentage of its citizens than any other country in the world. One out of every 150 adult Californians is in state prison. According to the Pew Center on the States, California spends 8.6 percent of its general fund dollars on prisons, the fifth highest percentage in the country. And 12.8 percent of state employees work in corrections, 11th highest in the country. It costs an average of \$46,000 annually to incarcerate one person in a California prison, excluding the costs that the state incurs if families are forced to turn to welfare services as a result of the incarceration of a family wage earner, according to the Legislative Analyst's Office. California prisons are stuffed to almost double their capacity and 20 percent of inmates are incarcerated on nonviolent drug charges; 11 percent are there because of parole violations, according to the state's Department of Corrections and Rehabilitation.

California needs to reform sentencing and parole rules to ensure that public safety is upheld, reserving prison capacity for violent offenders, while helping nonviolent offenders become productive members of society. Opponents of Proposition 5 argue that punitive drug laws help to reduce drug use, but the facts show that this is emphatically not the case. According to findings of the World Health Organization (WHO) Mental Health Survey published in July, 42 percent of Americans reported to having tried marijuana in their lifetime, which is more than double the prevalence of marijuana use reported in the Netherlands (20 percent), where the law permits possession of small amounts of the drug. The WHO study concluded, "The US, which has been driving much of the world's drug research and drug policy agenda, stands out with higher levels of use of alcohol, cocaine, and cannabis, despite punitive illegal drug policies."

Proposition 5 responds to this reality by focusing taxpayers' money on rehabilitation and treatment programs rather than pouring more resources into an ineffectual prison system.

S t a t u t e

PROPOSITION 6

Criminal Penalties and Laws: Public Safety Funding



Proposition 6 makes significant changes to California's criminal justice system. The measure expands criminal justice programs at both the state and local levels by augmenting the budgets of local law enforcement departments, local juvenile programs, probation offices, offender rehabilitation efforts, and crime victim assistance programs. The measure increases the penalties for gang-related crimes and crimes involving methamphetamines, vehicle theft, firearms possession, intimidation of individuals involved in court proceedings, and removal of court-issued GPS devices. Proposition 6 changes state parole policy, reducing the caseload of parole officers from 70 to 50 parolees per agent. The measure includes a slew of other changes to California's criminal justice laws, including a change that would allow hearsay evidence in criminal cases.

California's prisons are the most overcrowded and expensive in the nation. This measure will lead to increased incarcerations and spending on criminal justice efforts, despite the fact that violent crime has been declining in California for more than a decade. The new criminal justice programs would cost taxpayers \$965 million, which would increase by \$100 million after five years due to inflation adjustments mandated by the measure. Increased incarceration rates would cost taxpayers \$500 million for prison construction and renovation. The degree of law enforcement will determine the amount of any additional costs of operation of the prison and parole systems due to increased criminal justice penalties.

California law enforcement organizations support this 'tough on crime' measure that will increase funding for local law enforcement agencies. The California Professional Firefighters and the California Federation of Teachers oppose Proposition 6, arguing that it diverts funds from California's strained budget, which could be used for schools and hospitals, to fund a failing prison system.

Proposition 6 adds more confusion to California's already overcomplicated criminal justice system. According to the Stanford Criminal Justice Center, California has accumulated over 1,000 felony sentencing laws and more than 100 felony sentencing enhancements across 21 sections of California law. Rather than adding more felony laws, lawmakers should engage in sentencing reform that will bring clarity and consistency to sentences. One of the most troubling provisions included in Proposition 6 is a change that would allow hearsay evidence or unverified evidence not obtained from actual witnesses in criminal cases. Hearsay is not evidence and allowing it to be treated as such will invariably result in more innocent people going to prison at a time when wrongful convictions due to prosecutorial and judicial abuse are emerging as a serious national concern.

The offenses covered by Proposition 6 are already illegal and are being enforced as such. California spends a stunning 8.6 percent of its general fund budget on prisons, the fifth highest rate in the country. It has 6.88 people in prison for every 1,000 adults. And 12.8 percent of the state employees work in corrections, the 11th highest in the nation. California faces many serious problems. But putting too few of its citizens behind bars is not one of them.

Passing this initiative would be especially risky given that repealing the statute would be almost impossible politically, requiring a three-quarter super-majority vote of the legislature.

S t a t u t e

PROPOSITION 7

Renewable Energy



Proposition 7 mandates that 50 percent of public and private utility providers' electricity come from renewable resources by 2025. Currently, the Renewables Portfolio Standard (RPS) requires each of California's privately owned, publicly regulated electricity providers to increase its share of electricity from renewable resources by at least 1 percent per year so that 20 percent of its electricity comes from renewable sources by 2010. As a result, Proposition 7 represents a significant change from existing policy.

Proposition 7 increases RPS targets and mandates various changes to California's electricity infrastructure that pertain to the RPS requirement. It also expands the RPS enforcement abilities and regulatory responsibilities of both the Energy Commission and the Public Utilities Commission, which would increase administrative costs by \$3.4 million annually. Fees paid by electricity customers would fund these additional costs.

While the measure purports to encourage electricity providers to innovate and adopt new technologies in order to reach this goal, it would require providers to offer minimum 20-year renewable energy procurement contracts. Proposition 7 does not provide funds to pay for the higher costs of renewable electricity procurement, but prohibits the costs from being passed on to electricity ratepayers through higher prices, leaving open the significant question of who would ultimately bear these costs.

The committee formed for the purpose of promoting Proposition 7 is called Californians for Solar and Clean Energy.

The opposition coalition includes the state's major political parties and utility providers and environmental groups, including Natural Resources Defense Council, Environmental Defense, Union of Concerned Scientists and California League of Conservation Voters. These groups argue that Proposition 7 will actually hurt the renewable energy industry's growth.

California first adopted its Renewables Portfolio Standard in 2002. Since then, renewable energy procurements have not kept pace with energy consumption, and as a result, the share of eligible renewable energy sources in the state's electricity mix stands essentially unchanged at 11 percent. The state will not reach its current target of procuring 20 percent of its electricity from renewable sources by 2010. The authors of Proposition 7 ignored this evidence when setting the new RPS target at 40 percent by 2020. The arbitrary new target set by the proposition's authors far overshoots the RPS goal set by the governor, legislature, and energy agencies for reduction of greenhouse gases. Consequently, the state would waste money that could be spent on more cost-effective greenhouse gas reduction efforts outside the electricity sector on expensive energy projects that it does not need. Even the more modest renewable energy target selected by the governor's Climate Action Team would require an estimated state investment of \$60 billion by 2020 in generation and transmission alone—something the Public Utilities Commission characterized as an “in-frastructure build-out on a scale and timeline perhaps unparalleled anywhere in the world.” There's no telling how many times more expensive Proposition 7 would be.

Worse, because Proposition 7 requires utilities to issue 20-year contracts, the measure would prevent California electricity customers from benefiting from the innovations and technological breakthroughs in renewable energy research that are expected over the next several years. Proposition 7 would “lock in” today's expensive technology for tomorrow's energy needs.

It should also be noted that repealing the statute would be very difficult, requiring a two-thirds super-majority vote of the legislature.

Constitutional Amendment

PROPOSITION 8

Limit on Marriage



Proposition 8 would amend California's Constitution to specify that only marriage between a man and a woman is recognized in California. As a result of Proposition 8, same-sex couples would not have a right to marry in California.

Proposition 22, which California voters passed in March 2000, made it state law that only marriage between a man and a woman is recognized as valid in California. The state Supreme Court found this law to be unconstitutional in May 2008, and same-sex marriage is now recognized under the equal protection clause of California's Constitution.

Many religious organizations and family values advocacy groups, such as the National Organization for Marriage, support this initiative.

Many equality and lesbian, gay, bisexual and transgender groups, such as Equality for All, strongly oppose the measure, as does the California Labor Federation.

The freedom to marry and to form a family relationship is a birthright of all. As the California Supreme Court ruled in its 4-3 May 2008 decision, "[I]n view of the substance and significance of the fundamental constitutional right to form a family relationship, the California Constitution properly must be interpreted to guarantee this basic civil right to all Californians, whether gay or heterosexual, and to same-sex couples as well as to opposite-sex couples."

Prior to the Supreme Court's ruling, same-sex couples could obtain the vast majority of the rights enjoyed by heterosexual married couples through California's domestic partnership laws. Proposition 8 would result in California once again extending "separate-but-equal" opportunities to its gay residents. If the rights are the same, the law should not distinguish between types of "family relationships" or call them "marriage" for one group of people and "domestic partnerships" for another." A gay couple's decision to marry does not infringe upon a heterosexual couple's right to marry; so gay couples should be allowed the same opportunities and freedoms as heterosexual couples.

Ideally, the government would not set policy defining marriage, but would recognize and enforce legal contracts among couples who get married, just as it does with business partnership or other type of contracts. Government involvement has only politicized what should be a private matter.

PROPOSITION 9

Criminal Justice System, Victims' Rights, Parole



Proposition 9 amends the California Constitution to grant greater rights to crime victims, modify parole hearing procedures, and prevent inmates' sentences from being "substantially diminished" by early release programs designed to mitigate prison overcrowding.

In 1982, Proposition 8, or the "Victim's Bill of Rights," established legal rights to restitution and participation in sentencing and parole hearings for crime

victims. Proposition 9 expands crime victims' rights, removing any exceptions to their restitution rights and increasing victims' participation in the criminal justice process.

California's prisons are the most crowded and most expensive in the country. This measure will sustain prison overcrowding and lead to greater spending on parole programs.

Proposition 9 primarily modifies inmates' release and parole options in the following ways:

- Victims must be notified of all public criminal proceedings, not only sentencing and parole hearings as is the case currently, and be allowed to attend and testify.
- Inmates' waiting times between parole hearings would be extended from one to five years to three to 15 years.
- Crime victims would be given 90 days advance notice of parole considerations, rather than the current 30 days.
- An unlimited number of crime victims' family members and representatives would be allowed to attend and testify at parole hearings.

Justice for Homicide Victims, an organization of family and friends of violent crime victims, is a major supporter of Proposition 9.

The California Democratic Party, California Professional Firefighters, the California Teachers Association, and the California Department of Corrections are among the groups that oppose the measure.

Proposition 9 would increase spending on California's criminal justice system significantly, while exacerbating the problem of prison overcrowding in California. One in 150 adults in California is in prison. As a result, the state is spending 8.6 percent of its general fund budget dollars on prisons, the fifth highest in the nation. Additional resources would be needed to cover the administrative costs of the new parole hearing procedures and to finance the extended incarceration of inmates facing both longer waiting periods between parole hearings and increasingly strong barriers to being granted parole in the first place. By limiting offenders' access to parole, the proposition also limits their ability to earn a sufficient income with which to pay restitution to crime victims. This means that the measure could potentially undermine existing victims' rights to restitution.

Because Proposition 9 is a constitutional amendment, it would be difficult to overturn and correct the problems it could create in the future.

PROPOSITION 10

Bonds for Alternative Fuel Vehicles and Renewable Energy



Currently, California promotes renewable energy through financial incentives, such as grants, loans, rebates, and tax credits to energy consumers and producers. Proposition 10 expands the state's efforts to attach incentives to renewable energy by authorizing the sale of \$5 billion in general obligation bonds for a number of renewable energy and energy efficiency initiatives. Less than 1 percent of bond funds may be

used to fund program administration. The total cost to taxpayers would be \$10 billion in today's dollars (\$5 billion in bond, \$5 billion in interest), which would be paid off at an annual rate of \$335 million over 30 years. Primarily, the bond money would be spent as follows:

- \$3.4 billion for rebates to purchasers of high fuel economy vehicles and dedicated clean alternative fuel vehicles.
- \$1.6 billion for industry research, design, development and deployment of renewable electricity generating technology.

Clean Energy Fuels Corp., which is run by T. Boone Pickens, financially backs Proposition 10.

The California Tax Reform Associates and the Utility Reform Network oppose the measure, arguing that underwriting the cost of low-emission vehicles is a poor use of taxpayer money, given that the state is already facing a large debt.

The state's authorized general obligation bond debt has nearly tripled in just the last six years, from \$42.1 billion in FY 2001-02 to \$120 billion in FY 2007-08.

Proposition 10 would remove \$10 billion dollars from the state general fund over the next generation without creating any significant, lasting infrastructure. In fact, most of the money would be spent on rebates for the purchase of new vehicles that will not necessarily be used in California. Only two passenger cars qualify for rebates under Proposition 10—the Toyota Prius, a gas-electric-hybrid, and Honda’s compressed-natural-gas-powered Civic. According to federal fuel ratings, a natural gas vehicle emits 35 percent more carbon dioxide than the Toyota Prius, but Proposition 10 allocates more rebate money to the inferior performer. The rebates would be doled out over the next five years, so they will not spur technological innovation; instead, they will merely reward those who are already fortunate enough to be able to afford high-priced, high-efficiency cars.

Supporters of Proposition 10 believe we can switch the U.S. vehicle fleet over to natural gas. This is unrealistic. In the short-term, there is only one car (Honda GX CNG) on the U.S. market that runs on natural gas, and there are very few public, 24-hour natural gas fueling stations in California. Moreover, increasing the use of natural gas as a vehicle fuel will interfere with California’s efforts to reduce the carbon-intensity of its energy supply more generally.

PROPOSITION 11

Redistricting



The federal census counts the number of people in California every 10 years. Redistricting, which affects districts for the state Legislature, State Board of Equalization (BOE), and the U.S. House of Representatives, must occur after each census according to the California Constitution. Proposition 11 amends the state Constitution to establish new redistricting requirements beginning with the 2010 census. Taxpayers would pay a total of \$4 million to fund the cost of implementation of the new requirements.

Proposition 11:

- Requires the state legislature to abide by new redistricting requirements when drawing the districts for the U.S. House of Representatives. Specifically, the legislature must maintain “communities of interest” and neighborhoods, develop geographically compact districts, and avoid favoring or discriminating against political incumbents, candidates or parties.
- Shifts responsibilities for redistricting legislative and BOE districts from the legislature to a new non-partisan Citizens Redistricting Commission. Proposition 11 forbids the Commission from drawing districts for the purpose of favoring or discriminating against political incumbents, candidates or parties.
- Establishes an applicant review panel that selects members of the Commission according to measures of aptitude and partisanship. Specifically, an applicant cannot be chosen for the Commission if he or she (or an immediate relative) has been a political candidate for state or federal office, been a lobbyist, or contributed \$2000 or more in any year to a political candidate.

California Common Cause is the advocacy group supporting the initiative in conjunction with the AARP, the League of Women Voters and Gov. Arnold Schwarzenegger.

Leading civil rights organizations, labor unions, and the California Democratic Party oppose the measure on the grounds that it does not guarantee representation for any minority

community in the redistricting process. Moreover, they claim that it creates a confusing and overly complicated redistricting process.

Political competition expands accountability of lawmakers as they must be ever aware that poor governance may result in a formidable political challenge. The current redistricting process lacks this competitive force.

With each redrawing of the districts, accusations are launched that the process is biased and designed to protect incumbent office holders from political challengers. That these lawmakers, when redistricting, essentially pick their constituents' districts reinforces that suspicion. Since the latest reapportionment in 2002, there have been only a handful of truly competitive districts with virtually no turnover between the two parties.

As long as political boundaries are subjectively drawn in the redistricting process, there will always be the potential for abuse—whether the boundaries are drawn by the legislature or, as this proposition would require, by a seemingly independent entity. That said, the concept of an independent commission to draw boundaries for state lawmakers is likely to reduce the odds of abuse and holds the promise of increasing competitive pressures for elected office. This could result in a more dynamic and responsive government. Furthermore, by protecting “communities of interest” it would also end the practice of gerrymandering obscure district boundaries that confuse voters and undermine the relationship between the public and their elected representatives. At a bare minimum, it would introduce an element of objectivity to political boundaries that is painfully absent today.

PROPOSITION 12

Veterans' Bond Act of 2008



Proposition 12 authorizes the sale of \$900 million in general obligation bonds to finance the Cal-Vet program. The Cal-Vet program authorizes the State Department of Veterans Affairs to purchase farms, homes and mobile

homes for resale to California veterans. Since 1921, voters have approved \$8.4 billion in general obligation bonds for the program, of which \$102 million remains unspent, as of July 2008. Since June 1972, there have been 13 veterans' home loan bond proposals, all of which have passed. At \$900 million, Proposition 12 is larger than any of the previous measures to fund this program.

The bonds, which would cost a total of \$1.8 billion in principal and interest payments, would be paid off over a period of 30 years with an average annual payment of \$59 million. Historically, veterans who benefit from the program have made monthly payments to the State Department of Veterans Affairs to cover the cost of the bonds and the program's operational costs, but taxpayers will have to fund the remainder of the bond payments if veterans' contributions do not cover the entire amount owed on the bonds.

The Senate Committee on Veterans Affairs supports Proposition 12.

Gary Wesley, co-chair of the Voter Information Alliance, has spoken out against Proposition 12, noting that while the Cal-Vet program benefits some special interests, it assists relatively few veterans.

Bonds are an expensive way to finance programs. In addition to the face value of the bonds, the state must pay interest on them, which typically doubles the cost of the bonds. Even after adjusting for inflation, bond financing costs about 30 percent more than pay-as-you-go financing. The state's authorized general obligation bond debt has nearly tripled in just the last six years, from \$42.1 billion in FY 2001-02 to \$120 billion in FY 2007-08.

Even though the bonds will largely be repaid through participants' mortgage payments, taxpayers will still be responsible for paying interest on the bonds and for any defaults.

If the housing market continues to fall and real estate prices continue to decline, program participants would be at greater risk of defaulting on their mortgages and failing to contribute to repaying the cost of the bonds. Proposition 12 exploits a sympathetic group—veterans—so that lawmakers do not have to include funding for Cal-Vet in the normal budget appropriations bill. This allows legislators and the governor to circumvent their responsibility to make the difficult program trade-offs and prioritizations they were elected to make. If the program is worthwhile, legislators should include funding for the program in the annual budget instead of pulling out the credit card every few years through bond measures like this one.

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