



Contra
Costa
County

To: Board of Supervisors
From: Supervisors Glover and Gioia
Date: January 17, 2012

Subject: Support for Governor Brown's Ballot Initiative that would Protect Counties' Realignment Revenue and Temporarily Raise Sales and Some Income Taxes

RECOMMENDATION(S):

SUPPORT Governor Brown's ballot initiative that would protect counties' realignment revenue and temporarily raise sales and some income tax rates, as recommended by Supervisors Federal D. Glover and John Gioia.

FISCAL IMPACT:

No direct impact to the County from supporting the Governor's initiative. However, a successful initiative will provide constitutional protections for Realignment funding, which will benefit the County.

BACKGROUND:

Counting on Californians to give him what the Legislature did not, on December 5, 2011 Governor Brown filed a ballot initiative that would protect counties' realignment revenue and temporarily raise sales and some income tax rates.

The part of the measure that protects counties' income streams is substantially similar to the initiative CSAC filed in November 2011. The most notable difference between the two is that the Governor's measure allows the Legislature to make additional changes to

☒ APPROVE

☐ OTHER

☐ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **01/17/2012** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I
Supervisor
Gayle B. Uilkema, District II
Supervisor
Mary N. Piepho, District III
Supervisor
Karen Mitchoff, District IV
Supervisor
Federal D. Glover, District V
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 17, 2012

David Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

Contact: L. DeLaney,
925-335-1097

cc:

Realignment during the 2012 legislative session, though those changes may not include the transfer of additional programs (aside from EPSDT and mental health managed care, which CSAC's measure also allowed).

The Governor's original realignment proposal (which the CSAC Board overwhelmingly supported) included the extension of temporary tax rates (including sales tax) for five more years. Of course, they were not extended, and his new proposal changes the mix of taxes somewhat. The Governor's initiative would enact the following tax rate increases for calendar years 2012-2016:

- State sales and use tax increase of 0.5 cents.
- Personal income tax rate increases for single filers of 1 percent for income between \$250,000 and \$300,000, 1.5 percent for income between \$300,000 and \$500,000, and 2 percent for income above \$500,000 (these dollar amounts are higher for joint filers: \$340,000, \$408,000, and \$680,000).

The revenue raised is continuously appropriated for schools up to the community college level, and – unlike the money earmarked for counties – would be considered General Fund revenues for the purposes of calculating the Proposition 98 guarantee.

Constitutional protection was the foundation of CSAC's support for the Governor's realignment plan. With this initiative, he is following through on his promise to counties to seek that protection. Counties must now decide how to gain that protection.

To that point, the CSAC Board of Directors held a special meeting on January 5, 2012 during which they voted to suspend all efforts to qualify the CSAC ballot measure – the “Local Taxpayers, Public Safety And Local Services Protection Act of 2012”. The Board of Directors reaffirmed that it is the top priority of the Association to achieve the constitutional guarantee of funding for realigned programs, as well as protection against encroachment on those programs by the state and federal government.

The only vehicle that remains to achieve those protections is the Governor's measure. The four CSAC officers unanimously recommended a support position at its January Board of Directors meeting. The Board of Directors stopped short of endorsing his initiative (a motion to that effect failed to gain the necessary two-thirds majority by 2 votes). The Board desired more information regarding the Governor's ballot measure before making a decision and will again consider taking a position at its February meeting. The Governor will receive his title and summary by January 28. His measure is further framed by the release of his

Proposed Budget for the 2012-13 fiscal year on January 5.

The Governor personally attended the January CSAC Board of Directors meeting on January 5, 2012 and re-iterated his commitment to work with counties on a full range of issues including Realignment and continuing to pursue Constitutional guarantees for Realignment revenues if his measure fails.

In preparation for the Board of Directors' meeting, CSAC had performed a series of steps to bring the Association to the point of making a decision. Subsequent to Board's direction on September 8, 2011 CSAC worked with public safety partners, the State Sheriff's Association and Chief Probation Officers Association, to draft a measure that provided the necessary protections, without rising to the level of attracting significant opposition. The measure very closely paralleled the proposed SCA 1X1 that had failed to get legislative support last summer.

CSAC conducted polling on the concept of their initiative in October and the measure fared very well. Without opposition, CSAC's concept gained 70% of the electorate. CSAC filed the initiative with the Attorney General on November 4 and received title and summary on December 30. The LAO's fiscal impact analysis, however, pointed to an Achilles heel – a

decrease in Proposition 98 funding guarantee. CSAC polled the title and summary on January 2 and 3. The results of that poll indicated that there remained general support for the measure but that an opposition campaign from education, invited by the fiscal impact, could significantly impact its success. In essence the poll indicated CSAC could win the election, but would have to mount a significant (read costly) campaign to tell the story to voters and get over the impacts to education.

CSAC also conducted a poll on the Governor's measure between December 15 and 20. His measure polls favorably, but not as strong as the CSAC concept. Probably the key indicator is that his measure initially polls 62% favorably, 69% after pro messages only, 53% after con messages only, and goes back up to 59% after all messages have been read in the poll. This remains a

BACKGROUND: (CONT'D)

concept poll, though and the title and summary could move those numbers a little. The Governor's measure is also bolstered by how he has framed his budget proposal, and voters will have a clear choice at the polls in November. Finally, the Governor has the capacity to raise significantly more money for a campaign to push his measure over the finish line.

The single largest concern regarding the Governor's measure, at this time, is whether or not he will be able to clear the field of competing ballot measures, especially those raising taxes. The CSAC Board of Directors gave the Governor his first success in that endeavor on January 5, 2012 by essentially removing a competing measure from the November ballot. The State Sheriffs' Association also voted to follow the lead of the Board of Directors, as well as the Chief Probation Officers.

CONSEQUENCE OF NEGATIVE ACTION:

There would be no record of the County's support for the ballot initiative.

CHILDREN'S IMPACT STATEMENT:

Not applicable.

ATTACHMENTS

Schools & Local Public Safety Protection Act of 2012