

May 31, 2018

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

**RE: AB 195 Fix for Local Bond Ballot Labels – Conference Committee Request**

Dear Senator Mitchell and Assembly Member Ting:

On behalf of our coalition of labor, educational, and other public agencies, we are requesting your support to enact a fix to AB 195 (Obernolte, Chapter 105, Statutes of 2017). The provisions of AB 195 are generating significant voter confusion and threatening our ability to meet the educational, housing, health, and many other needs of California residents.

*We Support the Assembly's Action*

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

*A Fix is Needed By July 1, 2018*

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

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

*What AB 195 Does*

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

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

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

**BOARD OF TRUSTEES**

Dr. Manuel Baca • Rosanne M. Bader • Jay F. Chen • Judy Chen Haggerty, Esq.  
Dr. David K. Hall • Robert F. Hidalgo • Laura L. Santos

**COLLEGE PRESIDENT / CEO** – Dr. William T. Scroggins



### *The Problem*

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

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

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

### *Role of the Tax Rate Statement*

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

### *Assembly Member Obernolte's Proposal*

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

We oppose this proposal for the following reasons:

- The additional information (average annual tax rate and tax duration estimates) are already required on the tax rate statement in the voter information guide, which is the appropriate place to explain such information because there is more space to address why the tax rate can fluctuate and the duration can be longer or shorter.
- Requiring an estimate of the average annual tax rate is confusing and misleading to voters, as tax rates will fluctuate over time based on economic conditions and changes in assessed valuation, as described above.
- Requiring the final fiscal year in which the tax is anticipated to be collected is misleading to voters, as the duration of a bond cannot be known with certainty. Numerous factors can affect the pace at which bonds are issued including market/economic conditions and changes to a community's priorities and plans. Placing this information on the ballot label

May 31, 2018  
Page Three

- could create technical and legal challenges, including a cap on the duration which could leave some bond authority inaccessible.
- These two pieces of information would take up significant space on the ballot label, which is capped at 75 words, making it more difficult for communities to explain what they plan to do with bond proceeds.

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

Thank you for your consideration of this request.

Sincerely,



William Scroggins, PhD  
President & CEO

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