

Proposition 1A -- KEY TALKING POINTS

Prop 1A will Protect Local Public Safety, Healthcare and other Services, by Preventing the State Legislature from Taking Local Government Funds. Proposition 1A is a historic, bipartisan agreement that will prevent the state legislature from taking local government funds to pay for state responsibilities. Prop 1A will help protect funding for essential local services like fire and paramedic response, law enforcement, emergency and trauma care, parks, roads, libraries, transportation and more.

Proposition 1A is needed NOW.

For more than a dozen years, the state legislature has been taking local tax dollars that local governments use to provide vital services. The State has taken more than \$40 billion from cities, counties and special districts in the last 12 years. *If these funding raids continue, it could mean fewer firefighters, fewer law enforcement officers and longer waits at emergency rooms -- or higher local taxes and fees.*

Prop 1A Provides Flexibility In A State Budget Emergency

Prop 1A was carefully written to allow flexibility. It allows the State to *borrow* local government revenues - only in the event of a fiscal emergency - if funds are needed to support schools or other state programs.

Prop 1A Protects Local Taxpayers and Won't Raise Taxes.

Prop 1A will *not* raise taxes. It simply ensures that *existing* local tax dollars continue to be dedicated to local services. It also helps *ensure local governments aren't forced to raise taxes or fees to make up for revenues raided by the State.*

Prop 1A will also restore predictability to local budgets, and force greater accountability to State AND local budgeting. Local governments can plan for current and future local needs, with greater certainty that local resources will stay local. State legislators must budget without raiding local funds.

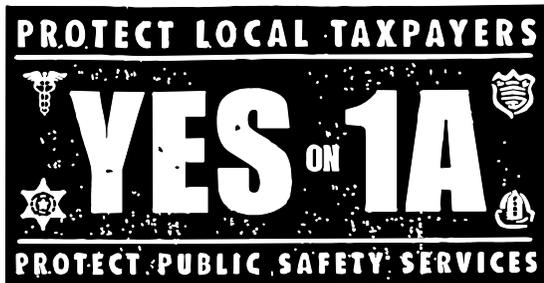
Broad, Bipartisan Support.

Proposition 1A is supported by Governor Schwarzenegger, local government leaders, public safety officials, healthcare leaders, business and labor leaders, taxpayers, Democratic and Republican leaders.

Prop 1A is A Better Approach That Replaces the Need for Proposition 65.

Prop 65 was put on the ballot earlier this year before this historic agreement was reached. Prop 1A is a better, more flexible approach with broad, bipartisan support of legislators and Governor Schwarzenegger. All of the official proponents of Prop 65 are now supporting Prop 1A and opposing Prop 65.

Protect Local Taxpayers. Protect Local Public Safety Services. Yes on Proposition 1A.



Frequently Asked Questions About Proposition 1A

Q: What would Prop 1A do?

A: Proposition 1 A would prevent the state legislature from taking and using local tax dollars that local governments use to provide essential services like fire and paramedic response, law enforcement, emergency and trauma care, parks, roads, libraries, transportation and more. Specifically, Prop 1 A prohibits the State Legislature's ability to lower the existing city, county and special district's existing share of sales taxes, property taxes and VLF revenues.

Proposition 1A also requires the state to reimburse local governments for the cost of programs and services it forces cities, counties and special districts to provide. If the state fails to provide reimbursement to local governments for state-mandated local programs, the mandate must be suspended, except for specified employee rights and benefits.

Q: Why is Prop 1A needed?

A: For more than a dozen years, in both good fiscal times and bad, the state legislature has been raiding local tax dollars to pay for state responsibilities - more than \$40 billion over the past 12 years. This practice has starved local communities of the funds needed to pay for vital services like fire protection, paramedic response, law enforcement, healthcare, parks and libraries. *If these funding raids continue, it could mean fewer firefighters, fewer law enforcement officers and longer waits at emergency rooms -- or higher local taxes and fees.*

The system is broken. Voters must act now to protect local revenues for local services from being taken by the State.

Q: Who supports Prop 1A?

A: Proposition 1A is a historic, bipartisan accord reached among local government leaders, public safety representatives, Governor Arnold Schwarzenegger, Democrat and Republican state legislators, healthcare advocates, taxpayer groups, business and labor leaders, and many more. The coalition in support of Prop 1A is growing daily. .

Q: Will Prop 1A raise taxes?

A: NO. Proposition 1A will not raise taxes. It simply ensures that *existing* local tax dollars continue to be dedicated to local services. In fact, Prop 1A helps *ensure local governments aren't forced to raise taxes or fees to make up for revenue raided by the State:*

Paid for By Yes on 1A Californians to Protect Local Taxpayers and Public Safety, Sponsored by a coalition of local government organizations, League of California Cities (non-public funds account), California State Association of Counties (non-public funds account), and the California Special Districts Association (non-public funds account)

Q: What happens in the event of a fiscal emergency? Will this measure tie the legislature's hands in passing a budget or create more problems during the next state fiscal crisis?

A: Prop 1A was intentionally written to allow *flexibility* and provide the Governor and legislature with options - but only in the event of a "significant state fiscal hardship". Under the provisions of Prop 1A, beginning in 2008-09, if the Governor proclaims a "significant state fiscal hardship", the Legislature may suspend the constitutional protection and may borrow local property taxes *only* under following conditions:

A separate urgency bill must be passed by a 2/3 vote of Legislature;

The Legislature must pass a law to fully repay the loan with interest within 3 fiscal years; New loans are prohibited until prior loans have been repaid;

No more than two loans may occur during any ten-year period;

The loan amount is capped at 8% of local government property tax amount (equivalent of approximately \$1.3 billion in today's property tax dollars);

While Prop 1A contains flexibility in a state fiscal hardship, it also prevents the state from using local government funds any time legislators choose. It also requires that future state reductions be repaid in full.

Q: Will Prop 1A erode state funding for schools or education?

A: No. Prop 1A was carefully written to ensure that it does not reduce funding for education or schools by one dime. Under Proposition 98, schools are guaranteed a level of funding from the state - and Prop 1A does not change that.

Q: Does Prop 1A Give more protection to local Government than schools currently receive?

state general fund and Proposition 1A does not impact those protections at all. Further, Proposition

98 guarantees schools a specific amount of State General fund revenues. state has been taking for more than 12 years.

Q: What about other state programs? Will this measure reduce funding for state programs like roads and prisons?

A: Prop 1A simply prevents the state from raiding local revenues. The state still has flexibility over its own revenues.

Q: Doesn't Prop 1A just add to the state's fiscal woes by initiating further "ballot-box- budgeting" that puts restrictions on how it can spend its revenues?

A: No. The initiative does not tell the state how to spend the state's own revenues (as some propositions have done). What it does is prevent the state from raiding local government revenues for state purposes. This will mean that, for the first time in many years, local communities will be have the certainty and predictability they need to plan and provide for current and future service needs.

Q: Will this measure prevent state fiscal reform efforts?

A: No. The first and most important step in reforming the troubled State-Local fiscal relationship is to protect local government funding from continual state raids. Prop 1A would accomplish this important first step, while also leaving the door open for more comprehensive fiscal reform in the future. Specifically, Prop 1A would retain authority for the Legislature to approve the exchange of local sales tax for an equal amount of property tax when requested by local agreements. Any type of voluntary revenue exchange agreement must be revenue-neutral for the impacted local governments.

Q: Does this measure increase revenues to local governments?

A: No. Prop 1A simply prevents the state Legislature from further reducing existing levels of local government revenues.

Q: Why doesn't Prop 1A attempt to recollect lost ERAF property tax dollars?

A: Prop 1A was intentionally drafted to draw a line in the sand and prevent future state legislative raids of local government funding. While local governments and services are still deprived by the ongoing state raid of property taxes, given the state of California's fiscal health we believe a more responsible approach at this time is to "stop the bleeding" at current levels.

Q: What happened to Proposition 65, which is also on the November ballot and attempts to protect city, county and special district revenues from state raids?

A: Our coalition placed Proposition 65 on the ballot earlier this year, prior to the historic, bipartisan July agreement that placed Prop 1A on the November ballot. After Prop 65 qualified for the ballot, Governor Schwarzenegger approached our coalition and asked that we work with him on an alternative local government protection measure. We agreed to provide the state with short-term contributions from local governments to help the state out of its immense budget problems, and the Governor agreed to work with the legislature to place Prop 1A on the ballot and to actively campaign for passage of Prop 1A this Fall. Proposition 65 will continue to be on the ballot, but all of the official sponsors of Prop 65 are now o/J/Josing 65 and supporting Prop 16 as a better, more flexible approach to protect funding for local governments and local services.

Q: What happens if both Proposition 65 and Prop 1A pass?

A: Proposition 1A was written so that if it gains more votes than Proposition 65, it supersedes Prop 65 in its entirety. Prop 1A contains language that specifically says that Prop 1A is a

that this measure supersedes in its entirety Prop 65". if Prop 1A gets more votes.