



SUMMARY OF STATEWIDE MEASURES IN THE MARCH PRIMARY

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On March 2, the State of California held its 2004 Primary Election. There were four statewide bond-related measures on the ballot for the voters' approval: Proposition 55: Kindergarten – University Public Education Facilities Bond Act of 2004; Proposition 56: State Budget, Related Taxes, Reserve, Voting Requirements, Penalties; Proposition 57: The Economic Recovery Bond Act; and Proposition 58: The California Balanced Budget Act. The following provides a brief description of each measure and a summary of the election results.

TABLE 1
CALIFORNIA PRIMARY ELECTION RESULTS
STATEWIDE BALLOT MEASURES
MARCH 2, 2004

STATEWIDE MEASURES	YES		NO	
	% of Votes	# of Votes	% of Votes	# of Votes
Proposition 55 – PASSED Kindergarten – University Public Education Facilities Bond Act of 2004	50.7%	3,019,223	49.3%	2,945,234
Proposition 56 – FAILED State Budget, Related Taxes, Reserve, Voting Requirements, Penalties	34.4%	2,054,670	65.6%	3,916,937
Proposition 57 – PASSED The Economic Recovery Bond Act	63.4%	3,803,581	36.6%	2,204,843
Proposition 58 – PASSED The California Balanced Budget Act	71.1%	4,250,488	28.9%	1,731,557

Source: Secretary of State Live Election Results website March 11, 2004.

Proposition 55: Kindergarten – University Public Education Facilities Bond Act of 2004

This measure allows the State to sell \$12.3 billion of general obligation bonds to provide funding for kindergarten through 12th grade education facilities to reduce overcrowding and to repair older schools. In addition, the funds may be used to upgrade and construct new classrooms in the California Community Colleges, the California State University, and the University of California systems. This proposition is the second of a two-part bond measure. Proposition 47, which passed in November 2002, provided \$13.05 billion for the construction and modernization of public elementary, secondary, and higher education facilities.

Voters narrowly approved Proposition 55 by a 50.7 percent to 49.3 percent margin. Voters in only 20 out of 58 counties (34.5 percent; 3,019,223 votes) voted to approve the bond, while voters in 38 counties (65.5 percent; 2,911,258 votes) voted against the measure (see Tables 1 and 2). Although voters in a larger number of counties voted against this measure, those counties had smaller voter populations than the counties where voters supported the measure.

Proposition 56: State Budget, Related Taxes, Reserve, Voting Requirements, Penalties

This measure would have:

- Permitted the legislature to enact budget and budget-related tax and appropriation bills with a 55 percent vote rather than the current 2/3 vote currently required;
- Required that the legislature and the governor permanently lose their salaries and expenses for each day the budget is late;
- Required that the legislature stay in session until the budget is passed;
- Required a budget summary in the state ballot pamphlet and a link to an internet website with legislators' voting records on budget and related taxes;
- Required 25 percent of certain state revenue increases be deposited in a reserve fund, which could not be used to increase spending.

This measure failed to win voter approval by a 65.9 percent to 34.1 percent margin. With the exception of one Bay Area county, a majority of voters in every other county in California voted against in this measure.

Proposition 57: The Economic Recovery Bond Act

This measure, which replaces the five year \$10.7 billion bond measure that the Legislature approved last year, allows the State to sell a one-time Economic Recovery Bond of up to \$15 billion to pay off the accumulated state budget deficit (as defined by the measure). The bonds are secured by existing tax revenues and by other revenues that can be deposited in a special fund. These bonds will be repaid in annual amounts over an estimated 9 to 14 years, although the stated maturity will be later, subject to early repayment if revenues are sufficient. The bonds dedicate a quarter-cent of annual sales taxes and half of the reserve created by Proposition 58 to be used for repayment. Voters approved this measure by a 63.4 percent to 36.6 percent margin; nevertheless, enactment of Proposition 57 was dependent on the passage of the California Balanced Budget Act (Proposition 58).

Proposition 58: The California Balanced Budget Act**This measure:**

- Requires enactment of a balanced budget where General Fund expenditures do not exceed estimated General Fund revenues;
- Allows the governor to proclaim a fiscal emergency in specified circumstances, and submit proposed legislation to address the fiscal emergency;
- Requires the legislature to stop other action and act on legislation proposed to address the emergency.
- Establishes a budget reserve;

- Provides that the California Economic Recovery Bond Act (Proposition 57) is for “a single object or work”;
- Prohibits any future deficit bonds;
- Requires the passage of Proposition 57.

The State will move a portion (1 percent in the first year) of the General Fund into a special fund beginning fiscal year 2006-07. Half of the amount in the fund will be earmarked to pay off the \$15 billion deficit-financing bond created by Proposition 57. Upon a majority vote in the legislature, the remaining 50 percent will be available for transfer to the General Fund. Once the funds have been transferred to the General Fund, a vote in the legislature (typically two-thirds) can authorize that the funds be used for a variety of purposes, including budget shortfalls. The governor will have the authority to suspend payments into the account. Although this measure prohibits long-term borrowing, it still allows both short-term borrowing to cover cash shortfalls and borrowing among state funds.

Voters approved this measure by a margin of 71.1 percent to 28.9 percent. A majority of voters in every county in California supported this measure.

At the time this article was written, election results were not certified and may change. The Secretary of State will certify the election results on Friday, April 9, 2004. Election results are available through the California Secretary of State’s website at www.ss.ca.gov.

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