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**SENATE COMMITTEE ON  
ELECTIONS AND CONSTITUTIONAL AMENDMENTS**  
Senator Catherine Blakespear, Chair  
2023 - 2024 Regular

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**Bill No:** SB 986 **Hearing Date:** 3/19/24  
**Author:** Seyarto  
**Version:** 1/30/24  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Scott Matsumoto

**Subject:** Ballot label: bond measure fiscal impact

**DIGEST**

This bill specifies how the estimate of the fiscal impact of a state or local bond measure appears on the ballot.

**ANALYSIS**

Existing law:

- 1) Requires the Attorney General to prepare a ballot title and summary and a ballot label for each measure that will be submitted to all voters in California, as specified. Limits the length of the ballot title and summary to no more than 100 words, as specified. Requires the ballot label to be a condensed version of the ballot title and summary and to contain no more than 75 words, as specified.
- 2) Requires the Legislative Analyst to prepare an impartial analysis of the measure describing the measure and including a fiscal analysis of the measure showing the amount of any increase or decrease in revenue or cost to state or local government. Requires an analysis of the measure's estimated impact on the state be provided, including an estimate of the percentage of the General Fund that would be expended due to the measure, if it is estimated that a measure would result in increased cost to the state, as specified. Requires that an estimate of increased cost to the state or local governments be set out in boldface print in the state voter information guide.
- 3) Requires the Legislative Analyst's analysis be written in clear and concise terms, so as to be easily understood by the average voter, and to avoid the use of technical terms wherever possible. Provides the analysis contain background information, including the effect of the measure on existing law and the effect of enacted legislation, in an impartial manner so that the average voter adequately understands the measure.
- 4) Requires, to the extent practicable, the Legislative Analyst to use a uniform method in each analysis to describe the estimated increase or decrease in revenue or cost of a measure, so that the average voter may draw comparisons among the fiscal impacts of measures. Requires the condensed statement of the fiscal impact summary for the measure prepared by the Attorney General to appear on the ballot

to contain the uniform estimate of increase or decrease in revenue or cost of the measure.

- 5) Permits the Legislative Analyst to contract with a professional writer, educational specialist, or another person for assistance in writing an analysis that fulfills the requirements of preparing an impartial analysis of a measure, including the requirement that the analysis be written so that it will be easily understood by the average voter. Permits the Legislative Analyst to request the assistance of a state department, agency, or official in preparing their analysis.
- 6) Requires, before submitting the analysis to the Secretary of State, the Legislative Analyst to submit the analysis to a committee of five persons, appointed by the Legislative Analyst, for the purpose of reviewing the analysis to confirm its clarity and easy comprehension to the average voter. Provides that the committee be drawn from the public at large, and one member shall be a specialist in education, one member shall be bilingual, and one member shall be a professional writer. Requires the committee to make recommendations to the Legislative Analyst, as specified. Requires the committee to make recommendations within five days to the Legislative Analyst as it deems appropriate to guarantee that the analysis can be easily understood by the average voter. Requires the Legislative Analyst to consider the committee's recommendations and to incorporate into the analysis those recommendations as it deems appropriate. Provides that the Legislative Analyst is solely responsible for determining the content of the analysis, as specified.
- 7) Requires the title and summary of any measure that appears on the ballot be amended to contain a summary of the Legislative Analyst's estimate of the net state and local government fiscal impact. Provides, for state bond measures that are submitted to the voters for their approval or rejection, the summary of the Legislative Analyst's estimate include an explanatory table of the information provided in the summary.
- 8) Requires, at each statewide election at which state bond measures will be submitted to the voters for their approval or rejection, the state voter information guide for that election include a discussion, prepared by the Legislative Analyst, of the state's current bonded indebtedness situation. Requires this discussion include information as to the dollar amount of the state's current authorized and outstanding bonded indebtedness, the approximate percentage of the state's General Fund revenues that are required to service this indebtedness, and the expected impact of the issuance of the bonds to be approved at the election on the items specified in this subdivision. Provides the discussion, in cases where a bond measure allocates funds for programs and to the extent practicable, shall include the proportionate share of funds for each major program funded by the measure. Requires this discussion to appear on a separate page in the state voter information guide immediately following the rebuttal to the argument against the last ballot measure included in the state voter information guide.
- 9) Provides that whenever the Attorney General prepares a condensed ballot title and summary, they shall file a copy of the condensed ballot title and summary with the Secretary of State. Requires the Secretary of State to make a copy of the condensed ballot title and summary available for public examination prior to the

printing of the ballot label on any ballot, as specified. Requires that the public shall be permitted to examine the condensed ballot title and summary for at least 20 days, as specified. Permits a voter to seek a writ of mandate requiring a condensed ballot title and summary, or portion thereof, to be amended or deleted, as specified.

- 10) Provides for all bond issues proposed by a county, city and county, city, district, or other political subdivision, or by any agency, department, or board thereof, the security for which constitutes a lien on the property for ad valorem taxes within the jurisdiction and the proposal for which is required to be submitted to the voters for approval, a statement shall be mailed to the voters with the sample ballot for the bond election and includes the following:
  - a) The best estimate from official sources of the average annual tax rate that would be required to be levied to fund that bond issue over the entire duration of the bond debt service, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors. The estimate shall also identify the final fiscal year in which the tax is anticipated to be collected.
  - b) The best estimate from official sources of the highest tax rate that would be required to be levied to fund that bond issue, and an estimate of the year in which that rate will apply, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors.
  - c) The best estimate from official sources of the total debt service, including the principal and interest, that would be required to be repaid if all the bonds are issued and sold. The estimate may include information about the assumptions used to determine the estimate.
  - d) Permits the statement contain a declaration of policy of the legislative or governing body of the applicable jurisdiction, proposing to use revenues other than ad valorem taxes to fund the bond issue, and the best estimate from official sources of these revenues and the reduction in the tax rate levied to fund the bond issue resulting from the substitution of revenue.
- 11) Requires the ballots used when voting upon a measure proposed by a local governing body or submitted to the voters as an initiative or referendum measure, including a measure authorizing the issuance of bonds or the incurrence of debt, to have printed on them the words "Shall the measure (stating the nature thereof) be adopted?" To the right or below the statement of the measure to be voted on, the words "Yes" and "No" shall be printed on separate lines, with voting targets, as specified. Provides that if the proposed measure imposes a tax or raises the rate of a tax, the ballot shall include in the statement of the measure to be voted on the amount of money to be raised annually, the rate, and duration of the tax to be levied. Requires the statement of the measure be a true and impartial synopsis of the purpose of the proposed measure, and be in language that is neither argumentative nor likely to create prejudice for or against the measure.

This bill:

- 1) Requires, for state bond measures that are submitted to the voters for their approval or rejection, the summary of the Legislative Analyst's estimate of the net state and local government fiscal impact that appears on the ballot label be in substantially the following form: State costs of about \$\_\_\_\_\_ to pay off both the principal (\$\_\_\_\_\_) and interest (\$\_\_\_\_\_) on the bonds. Payments averaging about \$\_\_\_\_\_ per year for \_\_\_\_\_ years.
- 2) Requires the fiscal impact be in substantially the following form for all other bond measures: Costs to (name of jurisdiction proposing to issue bonds) of about \$\_\_\_\_\_ to pay off both the principal (\$\_\_\_\_\_) and interest (\$\_\_\_\_\_) on the bonds. Payments averaging about \$\_\_\_\_\_ per year for \_\_\_\_\_ years.

### **BACKGROUND**

Role of the Legislative Analyst's Office (LAO). Under existing law, the Legislative Analyst prepares an impartial analysis of the measure includes a fiscal analysis showing the amount of any increase or decrease in revenue or cost to state or local government. This analysis contains measure's estimated impact on the state, including an estimate of the percentage of the General Fund that would be expended due to the measure, as specified above. Existing law also requires the Legislative Analyst to use a uniform method in each analysis to describe the estimated increase or decrease in revenue or cost of a measure, so that the average voter may draw comparisons among the fiscal impacts of measures.

Specifically, according to the LAO's website, the LAO provides four separate pieces of information for ballot measure that appears on the ballot. This includes an analysis of the measure, fiscal summary in bullet points that reflects the estimate of increased/decreased in revenues or costs, a yes/no summary, and a ballot label to be used in county voting materials. Additionally, for any election with one or more bond measures, the LAO prepares an overview of state bond debt. This appears after the materials on the last proposition.

With the ballots itself, the Attorney General prepares the ballot label for each measure. The ballot label has a 75-word limit and includes the fiscal impact of the ballot measure. The Attorney General works with the Legislative Analyst on crafting the wording for the fiscal analysis. The Attorney General prepares the title and summary description portion of the ballot label and the Legislative Analyst prepares the fiscal portion of the ballot label. Finally, it should be noted that while there are numerous requirements for developing an impartial analysis, including the fiscal impact, discretion is provided to the Legislative Analyst on the format and wording of the analysis.

For example, for the March 5, 2024 statewide presidential primary election, the ballot for Proposition 1's fiscal impact contained the following:

**Fiscal Impact:** Shift roughly \$140 million annually of existing tax revenue for mental health, drug, and alcohol treatment from counties to the state. Increased state bond repayment costs of \$310 million annually for 30 years.

This bill would require a specific format for the fiscal impact analysis. An example of this format was seen with Proposition 51 from the November 8, 2016 statewide presidential general election where it was approved by voters. The fiscal impact for Proposition 51 was the following:

Fiscal Impact: State costs of about \$17.6 billion to pay off both the principal (\$9 billion) and interest (\$8.6 billion) on the bonds. Payments of about \$500 million per year for 35 years.

What Happens at the Local Level? While not exactly the same process as a statewide measure, bond measures being proposed at the local level rely on best estimates from official sources. The local jurisdiction takes this information, creates the question for the ballot, and includes a fiscal impact/analysis. This information is provided to voters in the voter information guide and on the ballot itself.

Ballot labels also have a 75-word limit. Additionally, for all local ballot measures that impose a tax or raise the rate of a tax, they are required to include in the statement of the measure to be voted on the amount of money to be raised annually, the rate, and duration of the tax to be levied. This includes measures authorizing the issuance of bonds or the incurrence of debt.

### **COMMENTS**

- 1) According to the author: Current law requires both state and local governments to provide fiscal impact information to the voters for bond measures. This information is usually disclosed on the ballot label in the form of an annual payment estimate that combines both principal and interest into a single payment.

This form of disclosure blurs exactly how much taxpayer money is used annually to advance the objectives of the measure and how much is spent on the cost of borrowing. Consequently, there has been a lack of transparency and consistency among previous bond measures disclosing the precise cost of borrowing money. This lack of clarity ultimately hinders voters' ability to make an informed evaluation of the return on investment for taxpayer money.

SB 986 provides voters with greater consistency, clarity, and transparency regarding the cost of borrowing by requiring an explicit disclosure of interest due on the ballot label for state and local bond measures.

- 2) Is Flexibility Needed? As previously mentioned, state and local jurisdictions have a certain level of autonomy when developing the wording of their impartial analyses for bond measures, including the fiscal impact on the ballot itself. A significant reason for this discretion is to create an analysis that is easily understood by voters. For example, when stating the total interest cost over the life of a proposed bond, there is a potential concern with the time value of money. By stating the total in nominal terms, it could overstate the cost in real, inflation-adjusted terms since most bonds are paid down over the long term (i.e. two-to-three decades). The LAO currently has the flexibility to craft the wording for voters. This becomes relevant if the LAO wants to provide voters with an estimate of the annual cost to service principal and interest on proposed debt and be displayed as a share of the budget.

Additionally, under existing law, the Secretary of State makes a copy of the ballot label available for public examination prior to the printing of the ballot label on any ballot. The public has at least 20 days to examine the ballot label and a voter may seek a writ of mandate requiring a condensed ballot title and summary, or portion thereof, to be amended or deleted.

While there is merit to providing as much fiscal information as possible to voters when deciding whether to approve or reject a bond measure, the committee should consider whether the Legislative Analyst or a local jurisdiction are the appropriate entities to dictate how this information is provided to voters or if the Legislature should mandate a specific format.

- 3) Argument in Opposition. In a letter opposing SB 986, the Coalition for Adequate School Housing writes, in part, the following:

*The new ballot label language proposed by SB 986 would be in addition to the fiscal disclosures added by AB 195 (Oberholte) in 2017, which require the ballot label for local bonds to state the rate and duration of the proposed tax, and the amount anticipated to be raised annually. The provisions of AB 195 are extremely confusing to voters, resulting in a decrease of approximately 5 to 15 percentage points when polling potential measures. These outcomes are not a reflection of a change in voters' personal beliefs regarding the use of bonds. Instead, this shows that voters default to a "NO" position when they do not fully understand what they are being asked to approve. With these new fiscal disclosures, many schools are now unable to move forward with placing bonds on the local ballot, and SB 986 would exacerbate this problem. Under SB 986, approximately two-thirds of the 75-word ballot statement would be dedicated to confusing fiscal information rather than explaining what the measure would do for the school district.*

[...]

*SB 986 would reduce the state's ability to determine the best way to explain cost impacts, with a prescribed statement that would reduce the number of words available to describe a proposed measure to voters. This would make it harder to pass state bonds to support critical infrastructure for schools, affordable housing, disaster response, transportation, flood protection, water quality, and more.*

### **RELATED/PRIOR LEGISLATION**

SB 798 (Glazer), Chapter 720, Statutes of 2023, required the tax rate statement included in the sample ballot for local bond measures to include a tax rate per \$100,000 of assessed valuation on all property to be taxed to fund a bond issue, instead of a tax rate per \$100.

AB 195 (Oberholte), Chapter 105, Statutes of 2017, required ballot statements for all local ballot measures that impose a tax or raise the rate of a tax, including measures authorizing the issuance of bonds or the incurrence of debt, to include in the statement

of the measure to be voted on the amount of money to be raised annually, the rate, and duration of the tax to be levied.

**POSITIONS**

**Sponsor:** Author

**Support:** None received

**Oppose:** Abundant Housing LA  
California Building Industry Association  
California Special Districts Association  
Circulate San Diego  
CivicWell  
Coalition for Adequate School Housing  
East Bay Housing Organizations  
Greenbelt Alliance  
MidPen Housing  
San Diego Housing Federation  
SPUR

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**SENATE COMMITTEE ON  
ELECTIONS AND CONSTITUTIONAL AMENDMENTS**  
Senator Catherine Blakespear, Chair  
2023 - 2024 Regular

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**Bill No:** SB 1027 **Hearing Date:** 3/19/24  
**Author:** Menjivar  
**Version:** 3/12/24  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Scott Matsumoto

**Subject:** Political Reform Act of 1974: disclosures

**DIGEST**

This bill permits a campaign committee to redact the bank account number on a copy of a statement of organization filed with a local filing officer, and it would require the Secretary of State (SOS) to redact the bank account number on a statement of organization filed with the SOS before making the statement available to the public in any form.

**ANALYSIS**

Existing law:

- 1) Creates the Fair Political Practices Commission (FPPC), and makes it responsible for the impartial, effective administration and implementation of the Political Reform Act (PRA).
- 2) Defines “committee” to mean any person or combination of persons who directly or indirectly does any of the following:
  - a) Receives contributions totaling \$2,000 or more in a calendar year.
  - b) Makes independent expenditures totaling \$1,000 or more in a calendar year.
  - c) Makes contributions totaling \$10,000 or more in a calendar year to or at the behest of candidates or committees.
- 3) Requires a committee to file a statement of organization with the SOS, and file a copy of the statement of organization with the local filing officer, if any, as specified. Provides that the data made available on the internet shall not contain any bank account numbers required to be disclosed pursuant the PRA.
- 4) Requires local filing officers to make complete, unredacted copies of certain statements, reports, and other documents, including any street names, building numbers, and bank account numbers disclosed by the filer, available to any person upon request, as specified.



- 5) Requires the Secretary of State, in consultation with FPPC, to develop and certify for public use a new online filing and disclosure system for statements and reports that provide public disclosure of campaign finance and lobbying information in a user-friendly, easily understandable format, as specified. This is known as the CAL-ACCESS Replacement System (CARS).

This bill:

- 1) Permits a campaign committee to redact the bank account number on a copy of a statement of organization filed with a local filing officer, and it would require the SOS to redact the bank account number on a statement of organization filed with the SOS before making the statement available to the public in any form.
- 2) Repeals the requirement of a local filing officer from providing a complete, unredacted copy of any statement, report, or other documents to any person upon request, if that request is made prior to the Secretary of State's certification of CARS.

### **BACKGROUND**

Political Reform Act of 1974. In 1974, California voters passed Proposition 9, an initiative commonly known as the PRA. Proposition 9 created the FPPC and codified significant restrictions and prohibitions on candidates, officeholders, and lobbyists. The Legislature is permitted to amend the PRA, but the amendments must further the purposes of the PRA and requires a two-thirds vote of both houses of the Legislature.

Bank Account Numbers. When a committee files a statement of organization form (Form 410), one of the required fields is a bank account number. The original Form 410 is submitted to the SOS and a copy is submitted to a local filing officer. When making these forms available online for the public, the SOS redacts the bank account number and other information as specified by existing law.

For forms submitted to a local government agency that requires online or electronic filings, the local filing officer redacts the bank account number before making the forms available for the general public. However, for a hard copy of the Form 410, the account numbers on the form are not redacted when requested by a member of the public.

CAL-ACCESS Replacement System. In 2016, SB 1349 (Hertzberg), Chapter 845, Statutes of 2016, was enacted and required the SOS, in consultation with FPPC, to develop and certify for public use a new online filing and disclosure system for statements and reports that provide public disclosure of campaign finance and lobbying information in a user-friendly, easily understandable format, as specified. This system is intended to be data driven, rather than form-based, and is intended to permit future compatibility with local campaign finance data. The development and implementation of CARS is ongoing.

### **COMMENTS**

- 1) According to the author: SB 1027 provides added protections to candidates and elected officials when filling their Statement of Organization (Form 410) with the

SOS. This minor change in statute will mitigate the rising threat of identity theft that has become commonplace in the finance and banking industries. This bill will permit a candidate or elected official to omit the bank account numbers from the Form 410 when filing copies of these statements with local elections officials. SB 1027 will also require SOS to redact the bank account numbers from hard copies of their Statement of Organization when they are requested by the public. Election officials are currently not required to redact the bank account numbers from the hard copies of the Form 410 provided to the public. This has led to candidates and elected officials becoming easy targets for those who perpetuate identity theft schemes. Further, this bill will require the names of authorized users to be redacted from the Form 410, once CARS is updated and certified by the SOS. From someone who has had their committee accounts hacked multiple times as a candidate and an elected official, this legislation is needed to protect my colleagues from being victimized in the same way that I have.

- 2) Committee Amendment – Public Requests at the Local Level. The amendments of March 12, 2024 provided language relating to public requests at the local level *after* CARS has been certified and implemented. In order to bring uniformity and consistency, committee staff recommends the bill be amended to add similar language to Section 3 of the bill since it focuses on procedures *prior* to CARS being certified. The author has agreed to these amendments.
- 3) Double Referral. If approved by the committee, SB 1027 will be re-referred to the Committee on Judiciary for further consideration.
- 4) Argument in Support. In a letter sponsoring SB 1027, the Fair Political Practices Commission stated, in part, the following:

*Campaign committees and committee and bank representatives have expressed strong concern over increased fraud risk due to public disclosure of campaign committees' bank account information on the committees' Statements of Organization. In public comment letters submitted to the FPPC, bank representatives stated that the risk of fraud attacks on campaign committee bank accounts and other types of accounts is at an all time high.*

*To address this concern, SB 1027 would require the Secretary of State to redact the committee bank account number and the names of persons authorized to obtain bank account records from copies of Statements of Organization provided to the public. The bill would also permit committees to omit this information from copies of the statement filed with the local filing officer.*

### **RELATED/PRIOR LEGISLATION**

SB 888 (Committee on Elections Constitutional Amendments) of 2023, among other provisions, would have required SOS to redact bank account numbers on the statement of organization, and would authorize a committee to redact the bank account number on the copy of the statement provided to the local filing officer. The bill was held on the Suspense File in the Senate Committee on Appropriations.

SB 423 (Umberg), Chapter 31, Statutes of 2020, in an early version of this bill, among other provisions, would have ensured that bank account numbers on a committee's Statement of Organization form are kept confidential. This bill was later amended to reflect a different elections issue.

SB 2108 (Karnette), Chapter 319, Statutes of 2000, prohibited the SOS from disclosing bank account numbers listed on a statement of organization form from being made available online.

AB 2452 (Ammiano), Chapter 126, Statutes of 2012, among other provisions, permitted a local government agency requiring online or electronic filing to redact any bank account number required to be disclosed. This bill also required the filing officer to make an unredacted version of the campaign reports available upon request.

### **POSITIONS**

**Sponsor:** California Political Attorneys Association  
Fair Political Practices Commission

**Support:** None received

**Oppose:** None received

**-- END --**