



California Pan-Ethnic Health Network

## TWO THIRDS IS TOO MUCH

### Efforts to Change the Structure of State Government (Good and Bad)

For the past several years, California has had to face repeated budget crises that are the result of the two-thirds vote requirements to pass a budget and increase revenue. California is the only state in the union to have both requirements, and it has allowed a minority of our representatives to hold the budget hostage each year. The recent spate of budget battles has fostered a number of movements to restructure budget, governance, and revenues processes. Some of the efforts hold promise, while others are dangerous to social justice.

We need additional revenues to ensure that programs vital to the health of communities of color are fully funded. We need to reduce the two-thirds vote requirements for both passing a budget and for raising revenues. And we need to mobilize against proposals that would make it even harder to fund our programs, or make the state's revenue structure more regressive.

The following are some efforts CPEHN is engaged in and tracking:

#### **CA Majority Rule – Restore Democracy to California ([www.camajorityrule.com](http://www.camajorityrule.com))**

A broad coalition working to change the vote requirement to a majority for passing revenue and budget. They have filed an initiative for the November 2010 election with one simple sentence, “All legislative actions on revenue and budget must be determined by a majority vote.”

#### **Commission on the 21<sup>st</sup> Century Economy ([www.cotce.ca.gov](http://www.cotce.ca.gov))**

Established by Governor Schwarzenegger with the support of Speaker Bass, the Commission was charged with recommending changes to state revenue policy. The Commission released their recommendations on September 29. The proposed recommendations would shift the burden of revenues from the wealthy to the middle- and low-income. The proposals include reducing the income tax and making it a flat tax, reducing sales taxes, eliminating the corporate tax, and creating a new type of value-added business tax. CPEHN has been one of the few consumer organizations to testify at the Commission's hearings, and was invited to testify at an informational hearing of the Assembly Committee on Revenue and Taxation that was held on October 8<sup>th</sup> and 9<sup>th</sup> on the Commission's recommendations.

#### **California Forward ([www.caforward.org](http://www.caforward.org))**

This foundation-funded civic group has put forward two initiatives that they believe will improve governance. One of their initiatives, which they named The Best Practices Budget Accountability Act, would allow budgets to be approved by majority vote, but makes matters worse by taking away the Legislature's right to raise fees by a majority vote. It also would require the Legislature to specify funding sources for new programs before they can start, and forces members of the Legislature to forfeit their pay if the state budget is late. Their second initiative, The Community Funding Protection and Accountability Act, allows our schools and local governments to keep their funding from being borrowed or diverted by the state. Like the Commission's proposals,

these “reforms” would make the budget easier to pass every year, but would do so by making it harder for us to raise the revenue to fully fund vital health and human services programs.

**Constitutional Convention and Repair California ([www.repaircalifornia.org](http://www.repaircalifornia.org))**

This effort to call a state constitutional convention is supported by the Bay Area Council (business groups), Common Cause, and The City Project. An umbrella organization, Repair California has released two propositions that would enable and call a constitutional convention made up of delegates of citizens chosen at random. The convention would be limited to addressing specified issues, such as governance and voting thresholds in budgeting (this appears to include addressing the vote threshold for raising revenue). If successful, the initiatives would likely not appear before the 2012 ballot.

**Split Roll, “Close the Loophole” ([www.closeheloophole.com](http://www.closeheloophole.com))**

San Francisco Assessor Phil Ting is pushing the idea to eliminate Proposition 13 limits on property tax increases, for businesses only. There are currently no big backers for this effort.

**Other Circulating Initiatives ([www.sos.ca.gov/elections/elections\\_j.htm#circ](http://www.sos.ca.gov/elections/elections_j.htm#circ))**

An initiative has qualified for signature gathering that would lower the thresholds for both the budget and revenue increases from the current two-thirds vote to three-fifths. Under the current configurations of the Assembly and Senate, this would allow Democrats to pass a budget or raise revenue without any Republican votes. Another filed initiative would reduce the voting threshold to a majority for passing a budget, but leave intact the existing supermajority for raising revenue.

There is another set of two initiatives being circulated that call for a constitutional convention, but they are not backed by Repair California. Finally, an initiative by Lenny Goldberg of the California Tax Reform Association would repeal recent legislation that gave tax breaks to big businesses.