

MYTH vs. FACT

Myth: Proponents say Prop 53 is about “giving voters a say.”

FACT: The exact opposite is true. This measure actually erodes the ability of voters to make decisions best for their communities by forcing statewide votes on some local infrastructure projects. Doing so gives faraway voters veto authority over some local projects your community needs – even though those distant voters don’t use, won’t pay for, and don’t care about your local community improvements.

Myth: Prop 53 does NOT impact local projects.

FACT: Groups representing California’s cities, counties and local water agencies, including the League of California Cities and Association of California Water Agencies, all oppose Prop 53 and warn it will erode local control by requiring a statewide vote even on some local projects.

In fact, a simple reading of Proposition 53 proves unequivocally that it would impact some local projects. Prop 53 explicitly includes local projects financed and built by locally-created Joint Powers Authorities, or JPAs. JPAs are created when local governments join together, sometimes under the authority of or in partnership with the state, to finance local infrastructure priorities.

Section 1.6 of the measure states: “...*any single project financed, owned, operated, or managed by the State must first be approved by the voters at a statewide election. ‘State’ means the State of California, any agency or department thereof, and any joint powers agency or similar body created by the State or in which the State is a member.*”

As such, Prop 53 would force statewide votes on some local infrastructure projects, giving faraway voters veto authority over some local projects your community needs.

Myth: Prop 53 was narrowly written to apply to only a few large infrastructure projects financed by the state.

FACT: It may have been the intent of proponents to require a statewide vote on a particular project or two, but the actual text has much broader implications and will jeopardize your community’s ability to repair aging infrastructure including improving water storage and supply, making bridge and freeway safety repairs, and renovating hospitals to make them earthquake safe.

If the proponent wanted voters to be able to approve or reject a single project, he should have narrowly crafted his measure to address just that one project.

Myth: Prop 53 will not prevent the state or a region from rebuilding following an earthquake or natural disaster because these are typically financed with federal disaster funds through FEMA.

FACT: Prop 53 **does not** contain any exemptions for financing infrastructure repairs after an emergency or natural disaster. This proposition amends our state's Constitution and cannot be changed without another vote of the people.

California State Treasurer John Chiang warns that Prop 53 “may lead to the state losing flexibility in time of disasters or crises. There is often no certainty regarding alternative funding sources when costly emergencies occur.”

The **California Professional Firefighters, representing 30,000 firefighters and paramedics, warns:** “Prop 53 irresponsibly fails to contain an exemption for natural disasters or major emergencies. That flaw could delay our state's ability to rebuild critical infrastructure following earthquakes, wildfires, floods or other natural or man-made disasters.”

While some past emergency repairs may have been funded by the federal government or other sources, do we really want to close off a potential funding source to respond to natural disasters? Do we really want to rely solely on FEMA as a revenue source to expeditiously finance our state's rebuild in the event of a natural disaster? We have no idea what the future holds, and amending our Constitution to require a statewide vote prior to rebuilding infrastructure is a dangerous gamble.

Myth: Prop 53 does not apply to the University of California.

FACT: Under Prop 53, even improvements to individual campuses could be exposed to statewide voter approval even though the projects are localized. In a recent legislative hearing Sandra Kim, Associate Vice President – Finance for the University of California, testified: *“At present it is view of our counsel that the measure may potentially apply to the University of California.”*

The UC often uses revenue bonds to finance improvements like classrooms, research labs, student housing, hospitals and medical facilities, and other projects. In addition to delaying financing to the UC system, the measure could also impact the individual UC campuses - like UC Davis, UC Irvine, UC Los Angeles and UC San Diego – which have campus improvements planned in the coming years.

Myth: Prop 53 will not slow or disrupt infrastructure investment in the state because California voters have a history of approving infrastructure bonds.

FACT: The very purpose of Prop 53 is to stop financing of infrastructure projects.

Fitch Ratings recently stated that: *“If the measure becomes state law, it would constrain infrastructure financing and likely result in reduced investment over time, particularly for major water projects.”* (<https://www.fitchratings.com/site/fitch-home/pressrelease?id=994398>)

In addition, because Prop 53 fails to provide a clear definition for the term “project” it will undoubtedly lead to numerous costly lawsuits and significant delays for critical infrastructure improvements. According to the nonpartisan Legislative Analyst’s Office: *“...the measure does not define a ‘project.’ As a result, the courts and the state would have to make decisions about what they consider to be a single project. For example, in some cases a project could be narrowly defined as a single building (like a hospital). In other cases, a project could be more broadly defined as including multiple buildings in a larger complex (like a medical center).”*

Proponents of this proposition admitted in a legislative hearing they intentionally declined to define the term “project” because they wanted the courts to decide. This lack of clarity will undoubtedly be exploited by opponents who will call for statewide votes on “projects” merely to create litigation and delay. The last thing we need is to create new bureaucratic government and legal hurdles that make it more difficult and costly to build anything.

Myth: Prop 53 closes a loophole by giving voters the right to approve revenue bonds just like they approve general obligation bonds.

FACT: Private investors bear the financial risk for revenue bonds, not the state or its general fund. And revenue bonds are repaid by users of a project who directly benefit, not taxpayers. For instance, repairs to a bridge would be paid by tolls on the bridge, or customers in a specific water district would pay to build a water recycling plant, not taxpayers. It makes no sense to have a statewide election on projects not financed by taxpayers for which the state and local governments bear none of the financial risk.

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