



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 7c

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Memorandum

TO: Legislation Committee

DATE: September 3, 2010

FR: Executive Director

W. I. 1131

RE: Proposition 25: Allow Passage of State Budget by a Majority-Vote

Background

Proposition 25 amends the Constitution to lower the vote requirement necessary for the Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement would be lowered from two-thirds to a majority (50 percent plus one) of each house of the Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the Legislature "as related to the budget in the budget bill." A two-thirds vote of the Legislature would still be required to override any veto by the Governor.

Proposition 25 does not explicitly alter the existing two-thirds vote requirement in the California State Constitution regarding tax increases and contains legislative intent language stating that, "This measure will not change the two-thirds vote requirement for the Legislature to raise taxes." In its summary of the measure, the Legislative Analyst's Office (LAO) noted the legislative intent language and points out that the measure does not modify the section of the Constitution that requires a supermajority for tax increases.

Proposition 25 also withholds any salary or reimbursements for travel or living expenses for legislators after the June 15 deadline for passing a budget. These salaries and expenses would not be reimbursed at a later date.

Recommendation: Support

Discussion

California has a long history of supermajority requirements, starting with a 1933 statewide ballot measure mandating the two-thirds supermajority to pass the state budget and with Proposition 13 in 1978 mandating another two-thirds supermajority to pass tax increases. As shown in Attachment A, only two other states (Arkansas and Rhode Island) require a supermajority to pass a state budget under any circumstances. An additional five states require a supermajority vote under certain circumstances, such as missing a statutory deadline or exceeding a certain cost threshold. Of those eight states, only California, Arkansas, and Rhode Island require more than a 60 percent supermajority to pass the state budget. And only Arkansas shares California's status of requiring a supermajority for both taxes and a state budget.

Supermajority Requirements Cause Transportation Projects to Stall

In addition to making it very difficult to get legislators to focus on anything other than the budget in Sacramento, the supermajority requirement contributes to the fact that the Legislature is chronically late in adopting a spending plan each year. In the 30 years since 1980, the Legislature has met the June 15 constitutional deadline for sending a budget to the governor only five times. This delay has a real impact on transportation. It postpones high-priority repairs to our transportation infrastructure as well as needed mobility improvements. For transit operators, delays in State Transit Assistance (STA) funds negatively affect their already strained operating budgets. For roadway projects, Caltrans recently announced that it will not award any new projects until a budget is adopted despite the fact that there is a sizeable shelf of projects ready for award. This delay only raises project costs in the long run, and harms our economic recovery as construction workers who could be hired immediately are forced to wait until a deal is reached.

Consistent with MTC’s 2010 Legislative Program, staff recommends that MTC support Proposition 25 in the hope that it will result in a more rational and timely budget process for California.

Known Positions

Support

- American Federation of State, County and Municipal Employees, (AFSCME)
- California Alliance for Retired Americans
- California Faculty Association
- California Federation of Teachers
- California Nurses Association
- California Professional Firefighters
- California School Employees Association
- Consumer Federation of California
- Health Access California
- League of Women Voters

Oppose

- Stop Hidden Taxes Coalition (see attached)



Steve Heminger

Supermajority Requirements for State Budgets & Taxes

State	State Budget Vote Threshold	State Taxes	
		Vote Threshold	Applies to
Arizona		2/3	All taxes
Arkansas	3/4	3/4	All taxes except sales and alcohol
California	2/3	2/3	All taxes
Connecticut ¹	3/5		
Delaware		3/5	All taxes
Florida		3/5	Corporate income tax
Hawaii ¹	2/3		
Illinois ²	3/5		
Kentucky		3/5	All taxes
Louisiana		2/3	All taxes
Maine ²	2/3		
Michigan		3/4	
Mississippi		3/5	All taxes
Missouri ³		2/3	All taxes
Nebraska ²	2/3		
Nevada		2/3	All taxes
Oklahoma		3/4	All taxes
Oregon		3/5	All taxes
Rhode Island	2/3		
South Dakota		2/3	All taxes
Washington ³		2/3	All taxes

Source: National Conference of State Legislatures

Notes:

1. Requires a supermajority only when a certain level of expenditure is exceeded.
2. 2/3 requirement for budget only applicable if budget agreement isn't reached prior to specified deadline.
3. In MO and WA, a vote of the people is also required above a certain level of tax increase.