



**DATE:** September 27, 2016  
**TO:** Mayor and City Council  
**FROM:** City Manager  
**SUBJECT**

Resolutions in Support of Proposition 55 and Proposition 65

### **RECOMMENDATION**

That the City Council approves the two attached resolutions indicating the City's official support of each ballot measure.

### **BACKGROUND**

On May 24, 2016, the City Council received a report on a proposed legislative program. Final adoption of the legislative program will take place later this Fall. However, with the approaching general election, staff recommends the Council take public stances of support in accordance with the guidelines of the proposed legislative program.

On September 20, 2016, the City Council voted to approve supporting Measures C1, F1, RR and Propositions 51 and 67 on the November 2016 ballot. At that same meeting, the Council requested the opportunity to consider resolutions on two additional propositions, Proposition 55 and Proposition 65.

### **DISCUSSION**

#### *Proposition 55: 12 Year Extension of Prop 30 Tax Increase<sup>1</sup>*

Proposition 55 extends a portion of the 2012 Proposition 30 initiative which raised the State sales tax by ¼% and raised income taxes on taxable income above \$250,000. Proposition 30 was originally a limited tax increase, with the sales tax portion limited to four years and the income tax portion limited to seven years. The revenue generated by this measure was earmarked for educational operational costs (teachers, supplies, etc.) with nearly 90% of the temporary revenues for K-12 schools and 11% for community colleges. This measure was initiated to help safeguard against state education funding cuts following the aftermath of the

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<sup>1</sup> Information retrieved from [https://ballotpedia.org/California\\_Proposition\\_55\\_Extension\\_of\\_the\\_Proposition\\_30\\_Income\\_Tax\\_Increase\\_\(2016\)](https://ballotpedia.org/California_Proposition_55_Extension_of_the_Proposition_30_Income_Tax_Increase_(2016))

great recession and its residual budgetary impacts for the years following. The proposition has historically generated \$6B annually.

Proposition 55 would extend only the 2012 income tax increases for twelve years, expiring in 2030. The proposition would allocate half of its planned revenue to education with 89% of those tax revenues to K-12 education and the remaining portion to California Community Colleges. Additionally, it would allocate up to \$2B annually for healthcare programs for lower income individuals. The proposition does not allow any of its revenue to be used for administrative costs but provides local school boards with the discretion to allocate their portion of revenues.

This measure meets the draft legislative program Legislative Priority 1.6D: Support legislation and initiatives that boost funding for local school districts, public institutions of higher education and for low income students.

*Proposition 65: Dedication of Revenue from Disposable Bag Sales to Wildlife Conservation Fund<sup>2</sup>*

#### Proposition 65

In 2014, the California State Legislature approved, and the Governor signed into law, Senate Bill 270 (SB270) otherwise known as the plastic bag ban. Since that time, over 150 California cities have passed bans on plastic bags, including the City of Hayward.

Proposition 65 is an initiative competing with Proposition 67, largely driven to potentially confuse voters. Proposition 65 would redirect the revenue that stores collect for selling reusable plastic bags to a new State fund—the Environmental Protection and Enhancement Fund, which would provide funding for various programs and projects from drought mitigation to beach cleanup.

During this election, there is a competing referendum on SB 270, Proposition 67. At the September 20<sup>th</sup> City Council Meeting, the City Council approved a resolution in support of Proposition 67, which if passed would preserve the SB 270 plastic bag ban. If Proposition 67 does not pass, then SB 270 would be repealed. The Legislative Analyst's Office determined that the provision in Proposition 65 involving the implementation of this measure as well as any other carryout bag measure on the ballot "could be interpreted by the courts as preventing Proposition 67 [referendum] from going into effect."

In the event that both Propositions 65 and 67 pass, the proposition that receives the most votes would dictate the funding convention. If Proposition 67 receives more votes, stores would keep revenue on the sale of reusable bags. If Proposition 65 receives more votes, revenue from the sale of such bags would be diverted to the aforementioned State fund.

Given the uncertainty and potential damaging effects to the provisions of SB270, Staff is recommending the Council pass a resolution opposing Proposition 65.

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<sup>2</sup> Information retrieved from: <http://www.lao.ca.gov/BallotAnalysis/Proposition?number=65&year=2016>

**NEXT STEPS**

Staff will distribute any approved resolutions to the appropriate members of each initiative campaign.

*Prepared and Recommended by:* John Stefanski, Management Analyst

Approved by:



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Kelly McAadoo, City Manager