

AMENDED IN SENATE FEBRUARY 26, 2013

**Senate Constitutional Amendment**

**No. 7**

**Introduced by Senator Wolk**  
**(Coauthor: Senator Leno)**  
(Coauthor: Assembly Member Williams)

December 3, 2012

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Senate Constitutional Amendment No. 7—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending ~~Section~~ *Sections* 1 and 4 of, and by adding Section 4.5 to, Article XIII A thereof, by amending Section 2 of Article XIII C thereof, by amending Section 3 of Article XIII D thereof, and by amending Section 18 of Article XVI thereof, relating to public libraries.

LEGISLATIVE COUNSEL'S DIGEST

SCA 7, as amended, Wolk. Local government financing: public libraries: voter approval.

(1) The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions.

This measure would create an additional exception to the 1% limit for a rate imposed by a city, county, city and county, or special district to service bonded indebtedness incurred to fund public library facilities, that is approved by 55% of the voters of the city, county, city and county, or special district, as ~~applicable~~: *applicable, if the proposition meets specified requirements*.

(2) The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of  $\frac{2}{3}$  of the voters of the city, county, or special district voting on that tax, and

prohibits these entities from imposing an ad valorem tax on real property or a transactions or sales tax on the sale of real property.

This measure would authorize the imposition, extension, or increase of a special tax by a city, county, city and county, or special district for the purpose of funding public libraries, upon the approval of 55% of its voters voting on the proposition, ~~and if the proposition meets specified requirements.~~ *This measure* would also make conforming changes to related provisions.

(3) The California Constitution prohibits specified local government agencies from incurring any indebtedness exceeding in any year the income and revenue provided in that year, without the assent of  $\frac{2}{3}$  of the voters and subject to other conditions. In the case of a school district, community college district, or county office of education, the California Constitution permits a proposition for the incurrence of indebtedness in the form of general obligation bonds for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, to be adopted upon the approval of 55% of the voters of the district or county, as appropriate, voting on the proposition at an election.

This measure would similarly lower to 55% the voter-approval threshold for a city, county, or city and county to incur bonded indebtedness, exceeding in any year the income and revenue provided in that year, that is in the form of general obligation bonds issued to fund public libraries.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

1     *Resolved by the Senate, the Assembly concurring,* That the  
2     Legislature of the State of California at its 2013–14 Regular  
3     Session commencing on the third day of December 2012,  
4     two-thirds of the membership of each house concurring, hereby  
5     proposes to the people of the State of California, that the  
6     Constitution of the State be amended as follows:

7     First—That Section 1 of Article XIII A thereof is amended to  
8     read:

9     SECTION 1. (a) The maximum amount of any ad valorem  
10    tax on real property shall not exceed 1 percent of the full cash  
11    value of that property. The 1 percent tax shall be collected by the

1 counties and apportioned according to law to the districts within  
2 the counties.

3 (b) The limitation provided for in subdivision (a) shall not apply  
4 to ad valorem taxes or special assessments to pay the interest and  
5 redemption charges on any of the following:

6 (1) Indebtedness approved by the voters prior to July 1, 1978.

7 (2) Bonded indebtedness for the acquisition or improvement of  
8 real property approved on or after July 1, 1978, by two-thirds of  
9 the votes cast by the voters voting on the proposition.

10 (3) Bonded indebtedness incurred by a school district,  
11 community college district, or county office of education to fund  
12 the construction, reconstruction, rehabilitation, or replacement of  
13 school facilities, including the furnishing and equipping of school  
14 facilities, or the acquisition or lease of real property for school  
15 facilities, approved by 55 percent of the voters of the district or  
16 county, as appropriate, voting on the proposition on or after  
17 November 8, 2000. This paragraph shall apply only if the  
18 proposition approved by the voters and resulting in the bonded  
19 indebtedness includes all of the following accountability  
20 requirements:

21 (A) A requirement that the proceeds from the sale of the bonds  
22 be used only for the purposes specified in this paragraph and not  
23 for any other purpose, including teacher and administrator salaries  
24 and other school operating expenses.

25 (B) A list of the specific school facilities projects to be funded  
26 and certification that the school district board, community college  
27 board, or county office of education has evaluated safety, class  
28 size reduction, and information technology needs in developing  
29 that list.

30 (C) A requirement that the school district board, community  
31 college board, or county office of education conduct an annual,  
32 independent performance audit to ensure that the funds have been  
33 expended only on the specific projects listed.

34 (D) A requirement that the school district board, community  
35 college board, or county office of education conduct an annual,  
36 independent financial audit of the proceeds from the sale of the  
37 bonds until all of those proceeds have been expended for the school  
38 facilities projects.

39 (4) (A) Bonded indebtedness, approved by 55 percent of the  
40 voters of a city, county, city and county, or special district, as

1 applicable, voting on the proposition on or after the effective date  
2 of the measure adding this paragraph, incurred by the city, county,  
3 city and county, or special district to fund the construction,  
4 reconstruction, rehabilitation, or replacement of public library  
5 facilities, including the furnishing and equipping of public library  
6 facilities, or the acquisition or lease of real property for public  
7 library facilities. *This paragraph shall apply only if the proposition*  
8 *approved by the voters includes all of the following accountability*  
9 *requirements:*

10 (i) *A requirement that the proceeds from the sale of the bonds*  
11 *be used only for the purposes specified in this paragraph and not*  
12 *for any other purpose, including personnel and operating expenses*  
13 *of the public library.*

14 (ii) *A list of the specific public library facilities projects to be*  
15 *funded and certification that the city, county, city and county, or*  
16 *special district has evaluated the degree to which existing public*  
17 *library facilities are inadequate in meeting the needs of, and the*  
18 *degree to which the proposed public library facilities projects*  
19 *respond to the needs of, the residents in the library service area,*  
20 *in the development of that list.*

21 (iii) *A requirement that the city, county, city and county, or*  
22 *special district conduct an annual, independent performance audit*  
23 *to ensure that the funds have been expended only on the public*  
24 *library facilities projects listed.*

25 (iv) *A requirement that the city, county, city and county, or*  
26 *special district conduct an annual, independent financial audit of*  
27 *the proceeds from the sale of the bonds until all of those proceeds*  
28 *have been expended for the public library facilities projects.*

29 (B) *For purposes of this paragraph, “special district” has the*  
30 *same meaning as that term is used in subdivision (c) of Section 1*  
31 *of Article XIII C, but does not include a redevelopment agency.*

32 (c) Notwithstanding any other provisions of law or of this  
33 Constitution, a school district, community college district, county  
34 office of education, city, county, city and county, or special district  
35 may levy a 55 percent vote ad valorem tax pursuant to subdivision  
36 (b).

37 Second—That Section 4 of Article XIII A thereof is amended  
38 to read:

39 SEC. 4. Except as provided by Section 4.5, a city, county, or  
40 special district, by a two-thirds vote of its voters voting on the

1 proposition, may impose a special tax within that city, county, or  
2 special district, except an ad valorem tax on real property or a  
3 transactions tax or sales tax on the sale of real property within that  
4 city, county, or special district.

5 Third—That Section 4.5 is added to Article XIII A thereof, to  
6 read:

7 SEC. 4.5. The imposition, extension, or increase of a special  
8 tax by a city, county, city and county, or special district, as may  
9 otherwise be authorized by law for the purpose of funding public  
10 libraries, is subject to approval by 55 percent of the voters in the  
11 city, county, city and county, or special district, as applicable,  
12 voting on the ~~proposition~~. *proposition, if all of the following*  
13 *conditions are met:*

14 (a) *The proposition is approved by a majority vote of the*  
15 *membership of the governing board of a city, county, city and*  
16 *county, or special district.*

17 (b) *The proposition contains all of the following accountability*  
18 *requirements:*

19 (1) *A list of the specific purposes and programs that are to be*  
20 *funded.*

21 (2) *A requirement that the proceeds be used only for the*  
22 *purposes and programs specified in the proposition, and not for*  
23 *any other purpose.*

24 (3) *To ensure compliance with paragraph (2), a requirement*  
25 *that the governing board of a city, county, city and county, or*  
26 *special district conduct an annual, independent financial audit of*  
27 *the amount of special tax proceeds collected and expended, and*  
28 *the specified purposes and programs funded.*

29 (4) *To ensure compliance with paragraph (2), a requirement*  
30 *that the governing board of a city, county, city and county, or*  
31 *special district establish a citizens' oversight committee to review*  
32 *all expenditures of proceeds and financial audits, and report its*  
33 *findings to the governing board and to the public.*

34 Fourth—That Section 2 of Article XIII C thereof is amended to  
35 read:

36 SEC. 2. Notwithstanding any other provision of this  
37 Constitution:

38 (a) Any tax imposed by any local government is either a general  
39 tax or a special tax. A special district or agency, including a school  
40 district, has no authority to levy a general tax.

(b) A local government may not impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax is not deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.

(c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, may continue to be imposed only if that general tax is approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held no later than November 6, 1996, and in compliance with subdivision (b).

(d) Except as provided by Section 4.5 of Article XIII A, a local government may not impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax is not deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

Fifth—That Section 3 of Article XIII D thereof is amended to read:

SEC. 3. (a) An agency shall not assess a tax, assessment, fee, or charge upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax imposed pursuant to Article XIII and Article XIII A.

(2) Any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A or, as applicable, a 55-percent vote pursuant to Section 4.5 of Article XIII A.

(3) Assessments as provided by this article.

(4) Fees or charges for ~~property-related~~ *property-related* services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service are not deemed charges or fees imposed as an incident of property ownership.

Sixth—That Section 18 of Article XVI thereof is amended to read:

1 SEC. 18. (a) ~~No~~A county, city, town, township, board of  
2 education, or school ~~district~~, *district* shall *not* incur any  
3 indebtedness or liability in any manner or for any purpose  
4 exceeding in any year the income and revenue provided for that  
5 year, without the assent of two-thirds of the voters of the public  
6 entity voting at an election to be held for that purpose, except that  
7 with respect to any ~~such~~ public entity that is authorized to incur  
8 indebtedness for public school purposes, any proposition for the  
9 incurrence of indebtedness in the form of general obligation bonds  
10 for the purpose of repairing, reconstructing, or replacing public  
11 school buildings determined, in the manner prescribed by law, to  
12 be structurally unsafe for school use, shall be adopted upon the  
13 approval of a majority of the voters of the public entity voting on  
14 the proposition at that election; nor unless before or at the time of  
15 incurring the indebtedness, provision shall be made for the  
16 collection of an annual tax sufficient to pay the interest on the  
17 indebtedness as it falls due, and to provide for a sinking fund for  
18 the payment of the principal thereof, on or before maturity, ~~which~~  
19 *that* shall not exceed ~~forty~~ 40 years from the time of contracting  
20 the indebtedness.

21 (b) Notwithstanding subdivision (a), on or after November 8,  
22 2000, in the case of any school district, community college district,  
23 or county office of education, any proposition for the incurrence  
24 of indebtedness in the form of general obligation bonds for the  
25 construction, reconstruction, rehabilitation, or replacement of  
26 school facilities, including the furnishing and equipping of school  
27 facilities, or the acquisition or lease of real property for school  
28 facilities, shall be adopted upon the approval of 55 percent of the  
29 voters of the district or county, as appropriate, voting on the  
30 proposition at an election. This subdivision shall apply only to a  
31 proposition for the incurrence of indebtedness in the form of  
32 general obligation bonds for the purposes specified in this  
33 subdivision if the proposition meets all of the accountability  
34 requirements of paragraph (3) of subdivision (b) of Section 1 of  
35 Article XIII A.

36 (c) Notwithstanding subdivision (a), on or after the effective  
37 date of the measure adding this subdivision, in the case of any city,  
38 county, or city and county, any proposition to incur indebtedness  
39 in the form of general obligation bonds shall be adopted by 55  
40 percent of the voters of the city, county, or city and county, as

1 applicable, voting on the proposition at an election, where the  
2 general obligation bonds would fund public libraries, including,  
3 but not limited to, the construction, reconstruction, rehabilitation,  
4 or replacement of public library facilities, the furnishing and  
5 equipping of public library facilities, or the acquisition or lease of  
6 real property for public library facilities.

7 (d) When two or more propositions for incurring any  
8 indebtedness or liability are submitted at the same election, the  
9 votes cast for and against each proposition shall be counted  
10 separately, and when two-thirds ~~or a majority~~ or 55 percent *or a*  
11 *majority* of the voters, as the case may be, voting on any one of  
12 those propositions, vote in favor thereof, the proposition shall be  
13 deemed adopted.