



**DEBRA BOWEN** | SECRETARY OF STATE  
STATE OF CALIFORNIA | ELECTIONS

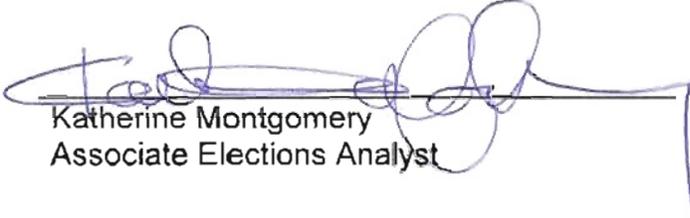
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January 7, 2010

County Clerk/Registrar of Voters (CC/ROV) Memorandum #10011

TO: All County Clerks/Registrars of Voters and Proponents

FROM:

  
Katherine Montgomery  
Associate Elections Analyst

RE: Initiative: 1430, Related to Property Taxes and School Funding

Pursuant to Elections Code section 336, we transmit herewith a copy of the Title and Summary prepared by the Attorney General on a proposed initiative measure entitled:

**PROVIDES ADDITIONAL SCHOOL  
FUNDING BY INCREASING COMMERCIAL PROPERTY  
TAXES. INCREASES HOMEOWNERS' TAX EXEMPTION.  
INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.**

The proponents of the above-named measure are:

Roberta B. Johansen  
Karen Getman  
Remcho, Johansen & Purcell, LLP  
201 Dolores Avenue  
San Leandro, CA 94577

(510) 346-6200

#1430

**PROVIDES ADDITIONAL SCHOOL  
FUNDING BY INCREASING COMMERCIAL PROPERTY  
TAXES. INCREASES HOMEOWNERS' TAX EXEMPTION.  
INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.**

**CIRCULATING AND FILING SCHEDULE**

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1. Minimum number of signatures required: .....694,354  
California Constitution, Article II, Section 8(b)
2. Official Summary Date: .....Thursday, 01/07/10
3. Petitions Sections:
  - a. First day Proponent can circulate Sections for  
signatures (Elec. Code § 336) ..... Thursday, 01/07/10
  - b. Last day Proponent can circulate and file with the county.  
All sections are to be filed at the same time within each  
county. (Elec. Codes §§ 336, 9030(a)) ..... Monday, 06/07/10\*
  - c. Last day for county to determine total number of  
signatures affixed to petitions and to transmit total  
to the Secretary of State (Elec. Code § 9030(b)) ..... Thursday, 06/17/10  
  
(If the Proponent files the petition with the county on a date prior to  
06/07/10, the county has eight working days from the filing of the petition  
to determine the total number of signatures affixed to the petition and to  
transmit the total to the Secretary of State) (Elec. Code § 9030(b)).
  - d. Secretary of State determines whether the total number  
of signatures filed with all county clerks/registrars of  
voters meets the minimum number of required signatures  
and notifies the counties ..... Saturday, 06/26/10\*\*
  - e. Last day for county to determine total number of qualified  
voters who signed the petition, and to transmit certificate  
with a blank copy of the petition to the Secretary of State  
(Elec. Code § 9030(d)(e)) ..... Friday, 08/06/10

\* Date adjusted for official deadline, which falls on a weekend (Elec. Code § 15).

\*\* Date varies based on the date of county receipt.

**INITIATIVE #1430**  
**Circulating and Filing Schedule continued:**

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(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 06/26/10, the last day is no later than the thirtieth working day after the county's receipt of notification). (Elec. Code § 9030(d)(e)).

- f. If the signature count is more than 763,790 or less than 659,637 then the Secretary of State certifies the petition as qualified or failed, and notifies the counties. If the signature count is between 659,637 and 763,790 inclusive, then the Secretary of State notifies the counties using the random sampling technique to determine the validity of **all** signatures (Elec. Code §§ 9030(f)(g), 9031(a)) .....Monday, 08/16/10\*
- g. Last day for county to determine actual number of all qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State. (Elec. Code § 9031(b)(c)). ..... Wednesday, 09/29/10

(If the Secretary of State notifies the county to determine the number of qualified voters who have signed the petition on a date other than 08/16/10, the last day is no later than the thirtieth working day after the county's receipt of notification.) (Elec. Code § 9031(b)(c).)

- h. Secretary of State certifies whether the petition has been signed by the number of qualified voters required to declare the petition sufficient (Elec. Code §§ 9031(d), 9033) ..... Sunday, 10/03/10\*

\*Date varies based on the date of county receipt.

## IMPORTANT POINTS

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- California law prohibits the use of signatures, names and addresses gathered on initiative petitions for any purpose other than to qualify the initiative measure for the ballot. This means that the petitions cannot be used to create or add to mailing lists or similar lists for any purpose, including fundraising or requests for support. Any such misuses constitutes a crime under California law. Elections Code section 18650; *Bilofsky v. Deukmejian* (1981) 124 Cal.App.3d 825, 177 Cal.Rptr. 621; 63 Ops.Cal.Atty.Gen. 37 (1980).
- Please refer to Elections Code sections 100, 101, 104, 9001, 9008, 9009, 9021, and 9022 for appropriate format and type consideration in printing, typing and otherwise preparing your initiative petition for circulation and signatures. Please send a copy of the petition after you have it printed. This copy is not for our review or approval, but to supplement our file.
- Your attention is directed to the campaign disclosure requirements of the **Political Reform Act of 1974**, Government Code section 81000 et seq.
- When writing or calling state or county elections officials, provide the official title of the initiative which was prepared by the Attorney General. Use of this title will assist elections officials in referencing the proper file.
- When a petition is presented to the county elections official for filing by someone other than the proponent, the required authorization shall include the name or names of the persons filing the petition.
- When filing the petition with the county elections official, please provide a blank petition for elections official use.

EDMUND G. BROWN JR.  
Attorney General

State of California  
DEPARTMENT OF JUSTICE



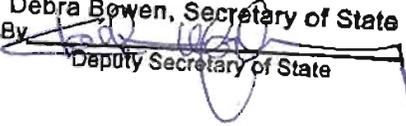
1300 I STREET, SUITE 125  
P.O. BOX 944255  
SACRAMENTO, CA 94244-2550  
Public: (916) 445-9555  
Telephone: (916) 445-4752  
Facsimile: (916) 324-8835  
E-Mail: Krystal.Paris@doj.ca.gov

January 7, 2010

**FILED**  
In the office of the Secretary of State  
of the State of California

JAN 07 2010

Honorable Debra Bowen  
Secretary of State of the State of California  
State of California Elections  
1500 11th Street, 5th Floor  
Sacramento, CA 95814

Debra Bowen, Secretary of State  
By   
Deputy Secretary of State

Attention: Ms. Katherine Montgomery  
Associate Elections Analyst

Dear Secretary Bowen:

Pursuant to Elections Code section 9004, you are hereby notified that on this day we sent our title and summary for the following proposed initiative to the proponents:

- 09-0078, "Education and Taxpayer Fairness Act."

A copy of that title and summary and text of the proposed initiative is enclosed.

Please contact me if you have any questions. Thank you.

Sincerely,



KRYSTAL M. PARIS  
Initiative Coordinator

For EDMUND G. BROWN JR.  
Attorney General

Proponents:

Roberta B. Johansen  
Karen Getman  
Remcho, Johansen & Purcell, LLP  
201 Dolores Avenue  
San Leandro, CA 94577

Date: January 7, 2010  
Initiative 09-0078

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

**PROVIDES ADDITIONAL SCHOOL FUNDING BY INCREASING COMMERCIAL PROPERTY TAXES. INCREASES HOMEOWNERS' TAX EXEMPTION.**

**INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.** Funds K-12 schools, community colleges, and state universities by increasing commercial nonagricultural property taxes by 0.55 percent. Restricts funds' use to class-size reduction, instructional materials, teacher and non-management staff compensation, and training; prohibits use for administrative costs. Requires annual audits. Doubles homeowners' tax exemption from \$7,000 to \$14,000 for residential property. Creates small business tax exemption for first \$1,000,000 in personal property. Reimburses local governments for tax revenue decrease. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government:

**Increased net state revenues of about \$4 billion annually, due to higher taxes on nonresidential real property. These revenues would be spent by K-12 school districts, community colleges, and CSU. (09-0078.)**

November 5 2009

VIA MESSENGER

Office of the Attorney General  
1300 "I" Street  
Sacramento, CA 95814

Attention: Krystal M. Paris

Re: *Education and Taxpayer Fairness Act*

Dear Ms. Paris:

Pursuant to Elections Code section 9002, we request that the Attorney General prepare a title and summary of a measure entitled "Education and Taxpayer Fairness Act." The text of the measure, a check for \$200.00, the address at which we are registered to vote and the signed statement certifying that we will not willfully allow initiative signatures to be used for purposes other than qualification of the measure are enclosed.

Please direct all correspondence and inquiries regarding this measure to:

Robin B. Johansen  
Karen Getman  
Remcho, Johansen & Purcell, LLP  
201 Dolores Avenue  
San Leandro, CA 94577  
Phone: 346-6200  
Fax: (510) 346-6201

Sincerely,

Robert B. Johansen

Karen Getman

KG:NL  
Enclosures  
(00094259)

09-0078

RECEIVED

NOV 05 2009

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

**EDUCATION AND TAXPAYER FAIRNESS ACT****SECTION 1. Title.**

This measure shall be known and may be cited as the "Education and Taxpayer Fairness Act."

**SECTION 2. Findings and Declaration of Purpose.**

1. Investing in our children's education is the most important thing we can do for their future and the future of our State.
2. A stable, reliable source of revenue is needed to fund our public schools and state colleges.
3. California schools and state colleges are drastically underfunded. Funding for K-12 education in California has been well below the national average for more than a decade. Our state university and community colleges have cut back their offerings and increased tuition to the point where they are no longer viable options for many California students whose families cannot afford to help them with their education.
4. Because of the state budget crisis, education spending in California has been cut by more than \$17 billion from the K-12 school system. These cuts have resulted in lay offs of more than 20,000 classroom teachers and educational support staff, fewer textbooks and other classroom materials, and enormous class sizes. Similar cuts have left our community colleges and state university system without the funds they need to provide a quality education to every California student who wants one. We need to restore these cuts and ensure that our classrooms are adequately funded.
5. As a result of chronic underfunding, California class sizes are among the largest in the nation, denying children the individualized learning they deserve.
6. California must improve student performance by increasing funding to reduce class sizes, provide new instructional supplies and materials, offer teacher training and increase teacher compensation in order to attract the best and brightest into the teaching profession.
7. A well-educated workforce increases productivity and quality for California businesses. Without affordable access to higher education, students in California will be unable to obtain the skills they need, and California businesses will be unable to hire the workers they need in order to compete in a world economy.
8. Education programs should be funded without raising homeowners' property taxes or reducing important services such as police and fire protection.
9. Homeowner's property tax exemptions have remained the same since 1968, with no adjustment for inflation. Homeowners' property taxes should be reduced by doubling the

homeowner property tax exemption from \$7,000 to \$14,000. Qualified renters will also receive an increase in their tax credit.

10. California's property tax system contains a gigantic loophole that allows corporations and commercial property owners to avoid paying their fair share. That loophole often allows businesses to change ownership without being reassessed, which homeowners cannot do. As a result, the burden of paying for things like police and fire services now falls more heavily on homeowners.

11. Unlike single-family residences, commercial buildings produce income for their owners. Furthermore, California commercial real property tax rates are among the lowest in the nation. It makes sense, therefore, to tax commercial real property at a higher rate than private homes. The increased revenues will be used to improve the quality of California's public schools and colleges. Small businesses will be protected by new exemptions from the personal property tax.

12. To reduce waste and protect against mismanagement, none of the funds for education will be used for administrative overhead. It also provides for criminal penalties, loss of credentials and/or fines for administrators who misuse school funds.

13. The annual audit required by this initiative will ensure that every penny goes into our classrooms, where it is needed most.

14. We must ensure that these funds are used for improving learning. The funds in this initiative will be used to supplement, and not replace, existing funding.

### **SECTION 3. Purpose and Intent.**

1. This measure is intended to reduce property taxes for homeowners on the dwelling they occupy by doubling the homeowners' exemption from \$7,000 to \$14,000.

2. This measure is not intended to alter or repeal any other exemption currently applicable to taxes on real property or to increase or in any way affect the property taxes paid by homeowners on noncommercial property.

3. In addition, the People enact this measure to do the following:

a. Ensure that commercial property pays its fair share of property taxes.

b. Provide for the exclusion of \$1,000,000 in personal property tax for businesses, in order to give small businesses tax relief.

c. Provide additional funding for school districts and higher education.

**SECTION 4.** Section 5.5 is hereby added to Article IX of the Constitution of the State of California, to read as follows:

*Sec. 5.5. (a) The Public School Investment and Accountability Fund is hereby created in the State Treasury to be held in trust for the purposes set forth below and is continuously appropriated for the support of school districts, community college districts, and the California State University system as follows:*

*(1) Seventy-eight percent (78%) for the support of the K-12 educational program, the funds to be distributed to school districts based on enrollment;*

*(2) Eleven percent (11%) to community college districts, the funds to be distributed based on enrollment.*

*(3) Eleven percent (11%) to the California State University system.*

*(b) Moneys in the Public School Investment and Accountability Fund are dedicated to the support of the K-14 educational program and the California State University system for instructional improvement and accountability as defined by statute and shall not be used to pay administrative costs. Except as defined by statute in the Education and Taxpayer Fairness Act of 2010, no moneys in the Public School Investment and Accountability Fund shall be used to supplant federal, state, or local funds used for educational programs.*

*(c) The Legislature shall set penalties, including loss of credentials, fines, and/or criminal prosecution for administrators who misuse funds appropriated and allocated pursuant to this Section of this Article.*

**SECTION 5.** Section 2 of Article XIII of the Constitution of the State of California is hereby amended to read:

Sec. 2. The Legislature may provide for property taxation of all forms of tangible personal property, shares of capital stock, evidences of indebtedness, and any legal or equitable interest therein not exempt under any other provision of this article, *provided, however, that the first \$1,000,000 of tangible personal property shall be exempt from taxation.* The Legislature, two-thirds of the membership of each house concurring, may classify such personal property for differential taxation or for exemption. The tax on any interest in notes, debentures, shares of capital stock, bonds, solvent credits, deeds of trust, or mortgages shall not exceed four-tenths of one percent of full value, and the tax per dollar of full value shall not be higher on personal property than on real property in the same taxing jurisdiction.

**SECTION 6.** Section 3 of Article XIII of the Constitution of the State of California is hereby amended to read:

Sec. 3. The following are exempt from property taxation:

(a) Property owned by the State.

(b) Property owned by a local government, except as otherwise provided in Section 11(a).

(c) Bonds issued by the State or a local government in the State.

(d) Property used for libraries and museums that are free and open to the public and property used exclusively for public schools, community colleges, state colleges, and state universities.

(e) Buildings, land, equipment, and securities used exclusively for educational purposes by a nonprofit institution of higher education.

(f) Buildings, land on which they are situated, and equipment used exclusively for religious worship.

(g) Property used or held exclusively for the permanent deposit of human dead or for the care and maintenance of the property or the dead, except when used or held for profit. This property is also exempt from special assessment.

(h) Growing crops.

(i) Fruit and nut trees until 4 years after the season in which they were planted in orchard form and grape vines until 3 years after the season in which they were planted in vineyard form.

(j) Immature forest trees planted on lands not previously bearing merchantable timber or planted or of natural growth on lands from which the merchantable original growth timber stand to the extent of 70 percent of all trees over 16 inches in diameter has been removed. Forest trees or timber shall be considered mature at such time after 40 years from the time of planting or removal of the original timber when so declared by a majority vote of a board consisting of a representative from the State Board of Forestry, a representative from the State Board of Equalization, and the assessor of the county in which the trees are located.

The Legislature may supersede the foregoing provisions with an alternative system or systems of taxing or exempting forest trees or timber, including a taxation system not based on property valuation. Any alternative system or systems shall provide for exemption of unharvested immature trees, shall encourage the continued use of timberlands for the production of trees for timber products, and shall provide for restricting the use of timberland to the production of timber products and compatible uses with provisions for taxation of timberland based on the restrictions. Nothing in this paragraph shall be construed to exclude timberland from the provisions of Section 8 of this article.

(k) ~~\$7,000~~ \$14,000 of the full value of a dwelling, as defined by the Legislature, when occupied by an owner as his principal residence, unless the dwelling is receiving another real property exemption. The Legislature may increase this exemption and may deny it if the owner received state or local aid to pay taxes either in whole or in part, and either directly or indirectly, on the dwelling.

No increase in this exemption above the amount of ~~\$7,000~~ \$14,000 shall be effective for any fiscal year unless the Legislature increases the rate of state taxes in an amount sufficient to provide the subventions required by Section 25.

If the Legislature increases the homeowners' property tax exemption, it shall provide increases in benefits to qualified renters, as defined by law, comparable to the average increase in benefits to homeowners, as calculated by the Legislature.

(l) Vessels of more than 50 tons burden in this State and engaged in the transportation of freight or passengers.

(m) Household furnishings and personal effects not held or used in connection with a trade, profession, or business.

(n) Any debt secured by land.

(o) Property in the amount of \$1,000 of a claimant who—

(1) is serving in or has served in and has been discharged under honorable conditions from service in the United States Army, Navy, Air Force, Marine Corps, Coast Guard, or Revenue Marine (Revenue Cutter) Service; and—

(2) served either

(i) in time of war, or

(ii) in time of peace in a campaign or expedition for which a medal has been issued by Congress, or

(iii) in time of peace and because of a service-connected disability was released from active duty; and—

(3) resides in the State on the current lien date.

An unmarried person who owns property valued at \$5,000 or more, or a married person, who, together with the spouse, owns property valued at \$10,000 or more, is ineligible for this exemption.

If the claimant is married and does not own property eligible for the full amount of the exemption, property of the spouse shall be eligible for the unused balance of the exemption.

(p) Property in the amount of \$1,000 of a claimant who—

(1) is the unmarried spouse of a deceased veteran who met the service requirement stated in paragraphs (1) and (2) of subsection 3(o), and

(2) does not own property in excess of \$10,000, and

(3) is a resident of the State on the current lien date.

(q) Property in the amount of \$1,000 of a claimant who—

(1) is the parent of a deceased veteran who met the service requirements stated in paragraphs (1) and (2) of subsection 3(o), and

(2) receives a pension because of the veteran's service, and

(3) is a resident of the State on the current lien date.

Either parent of a deceased veteran may claim this exemption.

An unmarried person who owns property valued at \$5,000 or more, or a married person, who, together with the spouse, owns property valued at \$10,000 or more, is ineligible for this exemption.

(r) No individual residing in the State on the effective date of the amendment who would have been eligible for the exemption provided by the previous section 1-1/4 of this article had it not been repealed shall lose eligibility for the exemption as a result of this amendment.

**SECTION 7. Section 1 of Article XIII A of the Constitution of the State of California is hereby amended to read:**

Sec. 1. (a) ~~The~~ *Except as provided in subdivisions (b), (e), and (f), the maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. No new ad valorem taxes shall be imposed on residential real property except for taxes identified in subdivisions (e) and (f). The one percent (1%) tax to shall be collected by the counties and apportioned according to law to the districts within the counties.*

*(b) Notwithstanding any other provision of law or of this Constitution, in addition to the ad valorem property tax on real property imposed pursuant to subdivision (a), for the 2011-12 fiscal year and each fiscal year thereafter, there is hereby imposed on nonresidential real property that is not used for commercial agricultural production or that is not otherwise exempt under the Constitution or statute an additional ad valorem property tax at the rate of .55 percent of the full cash value of that property.*

*(c) The ad valorem tax imposed by subdivision (b) shall be collected by the counties and transferred to the State Treasury for distribution pursuant to Section 8.6 of Article XVI.*

*(d) For purposes of this section:*

*(1) "Nonresidential real property" means any real property other than a single-family or multifamily dwelling unit that is intended to be used primarily as a permanent*

*residence and is used primarily as a permanent residence or that is zoned as a residence, and the land on which that unit is constructed, or any portion of the property used as a residence.*

*(2) Nonresidential real property is "used for commercial agricultural production" if that real property is used and zoned for producing commercial agricultural commodities and is real property to which either of the following applies:*

*(A) The real property is an unimproved parcel.*

*(B) The parcel of real property contains only living improvements.*

*(3) "Unimproved parcel" means a parcel of real property to which both of the following apply:*

*(A) The parcel is used and zoned for producing commercial agricultural commodities.*

*(B) The parcel does not contain any single-family residence or multifamily residence that was subdivided in accordance with the Subdivision Map Act, or any successor to that law, or that was described and conveyed in one or more deeds separating the parcel from all adjoining property.*

*(4) "Otherwise exempt under the Constitution or statute" means any property which is exempt from taxation pursuant to the Constitution, or any property exempt by statute enacted consistent with and permissible under the Constitution.*

~~(b)~~(e) The limitations provided for in subdivisions (a) and (b) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the following:

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

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

(3) Bonded indebtedness incurred by a school district, community college district, or county office of education 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, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:

(A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1~~(b)~~(e)(3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

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

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

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

(~~e~~) (f) Notwithstanding any other provisions of law or of this Constitution, school districts, community college districts, and county offices of education may levy a 55 percent vote ad valorem tax pursuant to subdivision (~~e~~) (e) on all property described in subdivisions (a) and (b) that is not otherwise exempt from taxation.

**SECTION 8. Section 8.3 is added to Article XVI of the California Constitution to read:**

*Sec. 8.3. (a) Funds appropriated pursuant to subdivision (a) of Section 5.5 of Article IX shall not be deemed to be part of "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B and allocated local proceeds of taxes" for purposes of paragraphs (2) and (3) of subdivision (b) of Section 8.*

*(b) Revenues derived from the taxes imposed pursuant to subdivision (b) of Section 1 of Article XIII A shall not be deemed to be "General Fund revenues which may be appropriated pursuant to Article XIII B" for purposes of paragraph (1) of subdivision (b) of Section 8 nor shall they be considered in the determination of "per capita General Fund revenues" for purposes of subdivisions (b) and (e) of Section 8.*

**SECTION 9. Section 8.6 is added to Article XVI of the California Constitution to read:**

*Sec. 8.6 (a) During each fiscal year, from the revenues generated by the additional ad valorem property tax imposed pursuant to subdivision (b) of Section 1 of Article XIII A, the Controller shall first do the following:*

*(1) calculate and transfer to each county treasury the amount necessary to offset the loss resulting in that fiscal year from the personal property tax exemption established by Section 2 of Article XIII;*

*(2) calculate and transfer to each county treasury the amount necessary to offset the loss resulting in that fiscal year from the increase from \$7,000 to \$14,000 in the homeowner's tax exemption established by Section 3(k) of Article XIII. This transfer shall be in addition to the transfer of General Fund moneys made pursuant to Section 25 of Article XIII to offset the loss resulting from the first \$7,000 of the homeowner's tax exemption.*

(3) calculate and transfer to the State General Fund the amount necessary to offset the decrease in State personal and corporate income tax revenues caused by increased deductions taken as a result of the additional ad valorem property tax imposed pursuant to paragraph (1) of subdivision (b) of Section 1 of Article XIII A and the increase in the renter's tax credit pursuant to Section 17053.5 of the Revenue and Taxation Code.

(b) The Controller shall transfer the revenues remaining after the distribution made pursuant to subdivision (a) including any interest earned thereon, to the Public School Investment and Accountability Fund for allocation and distribution as set forth in Section 5.5 of Article IX

**SECTION 10.** Section 14 is hereby added to Article XIII B of the Constitution to read:

*Sec. 14 (a) For purposes of this Article, "proceeds of taxes" shall not include the revenues derived from the taxes imposed pursuant to subdivision (b) of Section 1 of Article XIII A.*

*(b) For purposes of this Article, "appropriations subject to limitation" of each entity of government shall not include appropriations of revenues derived from the taxes imposed pursuant to subdivision (b) of Section 1 of Article XIII A.*

*(c) The duty to collect the tax imposed by subdivision (b) of Section 1 of Article XIII A shall not be considered a new program or higher level of service mandated by the State for purposes of this Article.*

**SECTION 11.** Chapter 1.5 is hereby added to Part 9 of Division 1 of Title 1 of the Education Code, to read as follows:

#### **CHAPTER 1.5 THE EDUCATION AND TAXPAYER FAIRNESS ACT**

##### **ARTICLE 1. GENERAL PROVISIONS**

*Sec. 14100. For purposes of this Chapter and Section 5.5 of Article IX of the California Constitution, the following shall apply:*

*(a) "School districts" means school districts, county offices of education, charter schools, and direct elementary and secondary level instructional services provided by the State.*

*(b) "Teacher" means a non-management certificated or teacher permit employee of a school district or county office of education.*

*(c) "Enrollment" in the K-12 educational program means each school district's average daily attendance.*

*(d) "Enrollment" in the community college districts means the number of each district's full-time equivalent students.*

*Sec. 14101 (a) Each school district shall prepare and file with the State Superintendent of Public Instruction an annual audit of the funds received from the Public School Investment and Accountability Fund. The audit may be prepared separately or as part of any annual audit required by the State, but it shall show how the funds were spent by category and program. School districts shall post the audit reports required pursuant to this Section on their Internet websites. If a district does not maintain an Internet website, it shall forward its audit to the State Superintendent of Public Instruction, who shall post it on the State Superintendent's website.*

*(b) The Trustees of the California State University and the Board of Governors of the California Community Colleges shall prepare an annual audit of the funds received from the Public School Investment and Accountability Fund. The audit may be prepared separately or as part of any annual audit required by the State, but it shall show how the funds were spent by category and program. The audit reports required pursuant to this Section shall be posted on each entity's Internet website.*

*Sec. 14102. The Superintendent of Public Instruction shall not include funds distributed pursuant to this Chapter in calculating and apportioning funds as provided in Sections 2558, 42238, or 56836.08.*

## **ARTICLE 2. DISTRIBUTION OF FUNDING FOR K-12 AND HIGHER EDUCATION**

*Sec. 14120. After July 1, 2011, the Controller shall distribute the revenues in the Public School Investment and Accountability Fund at least twice during the fiscal year to school districts and community college districts based on their enrollment and to the Trustees of the California State University for use according to this Chapter. The funds shall be spent only for the purposes set forth in this Chapter and in Section 5.5 of Article IX of the California Constitution.*

## **ARTICLE 3. PUBLIC SCHOOL INVESTMENT AND ACCOUNTABILITY FUND**

*Sec. 14702. The funds provided to school districts pursuant to Section 5.5 of Article IX of the State Constitution shall be expended or encumbered during the fiscal year received exclusively for the purpose of instructional improvement and accountability.*

*(a) For purposes of this Section, "instructional improvement and accountability" shall mean expenditures for school sites that directly benefit the instruction of students and shall be limited to expenditures for the following:*

*(1) To reduce class sizes in all grades beyond the levels funded by current state programs with the intent of lowering pupil-teacher ratios until a ratio is attained of 20 students or fewer per teacher providing direct instruction in any classroom serving kindergarten and grades 1 through 3, and 25 or fewer students per teacher providing direct instruction in any grade 4 through 12 class in English language arts, reading, mathematics, science, history, and social science.*

(2) To provide additional instructional supplies, instructional equipment including computers and technology, instructional materials, and support services necessary to improve school conditions.

(3) To provide direct student services, including school counselors, librarians, and nurses needed to ensure that each student makes academic progress necessary to be promoted to the next appropriate grade level.

(4) To provide staff development that improves services to students or increases the quality and effectiveness of instructional staff, designed and implemented by classroom teachers and other participating school district personnel, including the school principal, with the aid of outside personnel as necessary. Classroom teachers shall comprise the majority of any group designated to design such staff development programs for instructional personnel. Staff development should be based on best practices models appropriate for grade levels and subject matters to serve the needs of students in local districts.

(5) To provide shared planning time for teachers during the school day by grade or subject matter in an effort to create schools where teachers are able to work together and support each other to improve student learning.

(6) To provide all students the opportunity for essential programs like art, music, and career technical and vocational education.

(7) To provide a safe and secure learning environment for public school students and staff.

(8) To provide for compensation of certificated non-management staff and classified non-management staff.

(b) No moneys received pursuant to this Act shall be spent on administrative costs.

(c) Funds received by each school district pursuant to this Act shall be deposited in a separate account and shall be maintained and disbursed separately from funds from all other sources.

*Sec. 14703. The funds provided to community college districts and the California State University system pursuant to Section 5.5 of Article IX of the State Constitution shall be expended or encumbered during the year received exclusively for the purpose of instructional improvement and accountability.*

(a) For purposes of this section, "instructional improvement and accountability" shall mean expenditures for community college and state university sites that directly benefit the instruction of students, and shall be limited to expenditures for the following:

(1) To provide individual assessment and counseling for the purpose of designing a curriculum for each student.

*(2) To provide instructional supplies, instructional equipment, instructional materials and support services necessary to improve campus conditions.*

*(3) To provide faculty development that improves instruction and increases the quality and effectiveness of instructional staff, as mutually determined by faculty and the governing board.*

*(4) To provide for compensation of faculty, counseling staff, and other non-management staff.*

*(b) No moneys received pursuant to this Act shall be spent on administrative costs.*

*(c) Funds received by each community college district and the California State University system pursuant to this Act shall be deposited in separate accounts and shall be maintained and disbursed separately from funds from all other sources.*

**SECTION 12. Government Code Section 13340 is amended to read:**

Sec. 13340. (a) Except as provided in subdivision (b), on and after July 1, 2010, no moneys in any fund that, by any statute other than a Budget Act, are continuously appropriated without regard to fiscal years, may be encumbered unless the Legislature, by statute, specifies that the moneys in the fund are appropriated for encumbrance.

(b) Subdivision (a) does not apply to any of the following:

(1) The scheduled disbursement of any local sales and use tax proceeds to any entity of local government pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code.

(2) The scheduled disbursement of any transactions and use tax proceeds to an entity of local government pursuant to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code.

(3) The scheduled disbursement of any funds by a state or local agency or department that issues bonds and administers related programs for which funds are continuously appropriated as of June 30, 2009.

(4) Moneys that are deposited in proprietary or fiduciary funds of the California State University and that are continuously appropriated without regard to fiscal years.

(5) The scheduled disbursement of any motor vehicle license fee revenues to an entity of local government pursuant to the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code).

*(6) Moneys that are deposited in the Public School Investment and Accountability Fund.*

**SECTION 13. Section 100.7 is hereby added to the Revenue and Taxation Code, to read:**

*Sec. 100.7. (a) For the 2011-12 fiscal year and each fiscal year thereafter, the Controller shall determine and remit to each county its share of the total reduction of local property tax revenue resulting in that fiscal year from the personal property tax exemption established by Section 2 of Article XIII of the California Constitution. Each county shall apportion its allocation under this subdivision among the jurisdictions in that county in the same manner as revenues derived from locally assessed property are required by law to be allocated among those same jurisdictions.*

*(b) For the 2011-12 fiscal year and each fiscal year thereafter, the Controller shall remit to each county the amounts required pursuant to Section 16120 of the Government Code to compensate each county for its share of property taxes lost as a result of the increase from \$7,000 to \$14,000 in the homeowner's tax exemption established by Section 3(k) of Article XIII.*

**SECTION 14. Section 210 is hereby added to the Revenue and Taxation Code, to read:**

*Sec. 210. (a) For purposes of providing aid to business pursuant to Section 2 of Article XIII of the California Constitution, for fiscal year 2011-12 lien date and each lien date thereafter, there is exempted from tax the first \$1 million (\$1,000,000) of the full value of personal property assessable to each taxpayer.*

*(b) The tax exemption described in subdivision (a) and in Section 2 of Article XIII of the California Constitution shall not apply to boats or airplanes unless they are used in the day-to-day operation of a business.*

**SECTION 15. Section 218 of the Revenue and Taxation Code is hereby amended to read:**

*Sec. 218. (a) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. For the 2011-12 fiscal year and each fiscal year thereafter, that exemption shall be in the amount of ~~seven thousand dollars (\$7,000)~~ fourteen thousand dollars (\$14,000) of the full value of the dwelling.*

*(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran's exemption.*

*(c) For purposes of this section, all of the following apply:*

*(1) "Owner" includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.*

*(2)(A) "Dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.*

(B) "Dwelling" includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or

the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to the commencement dates of the wildfires listed in the Governor's proclamations of 2006 that was damaged or destroyed by the wildfires and any other related casualty that occurred in the Counties of Riverside and Ventura, and that has not changed ownership since the commencement dates of these disasters as listed in the Governor's proclamations of 2006 shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) Any dwelling that qualified for an exemption under this section prior to January 11, 2007, that was damaged or destroyed by severe freezing conditions, commencing January 11, 2007, and any other related casualty that occurred in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a result of a disaster as declared by the Governor, and that has not changed ownership since January 11, 2007, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to severe freezing conditions.

(m) Any dwelling that qualified for an exemption under this section prior to June 24, 2007, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of El Dorado, as declared by the Governor in June 2007, and that has not changed ownership since June 24, 2007, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(n) Any dwelling that qualified for an exemption under this section prior to July 4, 2007, that was damaged or destroyed by the Zaca Fire and any other related casualty that occurred as a result of this disaster in the Counties of Santa Barbara and Ventura, as declared by the Governor in August 2007, and that has not changed ownership since July 4, 2007, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the Zaca Fire.

(o) Any dwelling that qualified for an exemption under this section prior to July 6, 2007, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of Inyo, as declared by the Governor in July 2007, and that has not changed ownership since July 6, 2007, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(p) Any dwelling that qualified for an exemption under this section prior to the commencement dates of the wildfires listed in the Governor's disaster proclamations of September 15, 2007, and October 21, 2007, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura, and that has not changed ownership since the commencement dates of these disasters as listed in the proclamations shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(q) Any dwelling that qualified for an exemption under this section prior to October 20, 2007, that was damaged or destroyed by the extremely strong and damaging winds and any other related casualty that occurred as a result of this disaster in the County of Riverside, as declared by the Governor in November 2007, and that has not changed ownership since October 20, 2007, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the extremely strong and damaging winds.

(r) Any dwelling that qualified for an exemption under this section prior to the commencement dates of the wildfires listed in the Governor's disaster proclamations of May, June, or July 2008, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the Counties of Butte, Kern, Mariposa, Mendocino, Monterey, Plumas, Santa

Clara, Santa Cruz, Shasta, and Trinity and that has not changed ownership since the commencement dates of these disasters as listed in the proclamations shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(s) Any dwelling that qualified for an exemption under this section prior to July 1, 2008, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of Santa Barbara, as declared by the Governor in July 2008, and that has not changed ownership since July 1, 2008, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(t) Any dwelling that qualified for an exemption under this section prior to July 12, 2008, that was damaged or destroyed by severe rainstorms, floods, landslides, or the accumulation of debris in a disaster, as declared by the Governor, in July 2008, and that has not changed ownership since July 12, 2008, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, landslides, the accumulation of debris, or washed-out or damaged roads.

(u) Any dwelling that qualified for an exemption under this section prior to May 22, 2008, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of Humboldt, as declared by the Governor in August 2008, and that has not changed ownership since May 22, 2008, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(v) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

**SECTION 16. Section 17053.5 of the Revenue and Taxation Code is hereby amended to read:**

Sec. 17053.5. (a)(1) For a qualified renter, there shall be allowed a credit against his or her "net tax," as defined in Section 17039. The amount of the credit shall be as follows:

(A) For married couples filing joint returns, heads of household, and surviving spouses, as defined in Section 17046, *for the 2011 tax year and each tax year thereafter*, the credit shall be equal to ~~one hundred twenty dollars (\$120)~~ *two hundred forty dollars (\$240)* if adjusted gross income is fifty thousand dollars (\$50,000) or less.

(B) For other individuals, *for the 2011 tax year and each tax year thereafter*, the credit shall be equal to ~~sixty dollars (\$60)~~ *one hundred twenty dollars (\$120)* if adjusted gross income is twenty-five thousand dollars (\$25,000) or less.

(2) Except as provided in subdivision (b), a husband and wife shall receive but one credit under this section. If the husband and wife file separate returns, the credit may be taken by either or equally divided between them, except as follows:

(A) If one spouse was a resident for the entire taxable year and the other spouse was a nonresident for part or all of the taxable year, the resident spouse shall be allowed one-half the credit allowed to married persons and the nonresident spouse shall be permitted one-half the credit allowed to married persons, prorated as provided in subdivision (e).

(B) If both spouses were nonresidents for part of the taxable year, the credit allowed to married persons shall be divided equally between them subject to the proration provided in subdivision (e).

(b) For a husband and wife, if each spouse maintained a separate place of residence and resided in this state during the entire taxable year, each spouse will be allowed one-half the full credit allowed to married persons provided in subdivision (a).

(c) For purposes of this section, a "qualified renter" means an individual who satisfies both of the following:

(1) Was a resident of this state, as defined in Section 17014.

(2) Rented and occupied premises in this state which constituted his or her principal place of residence during at least 50 percent of the taxable year.

(d) "Qualified renter" does not include any of the following:

(1) An individual who for more than 50 percent of the taxable year rented and occupied premises that were exempt from property taxes, except that an individual, otherwise qualified, is deemed a qualified renter if he or she or his or her landlord pays possessory interest taxes, or the owner of those premises makes payments in lieu of property taxes that are substantially equivalent to property taxes paid on properties of comparable market value.

(2) An individual whose principal place of residence for more than 50 percent of the taxable year is with another person who claimed that individual as a dependent for income tax purposes.

(3) An individual who has been granted or whose spouse has been granted the homeowners' property tax exemption during the taxable year. This paragraph does not apply to an individual whose spouse has been granted the homeowners' property tax exemption if each spouse maintained a separate residence for the entire taxable year.

(e) An otherwise qualified renter who is a nonresident for any portion of the taxable year shall claim the credits set forth in subdivision (a) at the rate of one-twelfth of those credits for each full month that individual resided within this state during the taxable year.

(f) A person claiming the credit provided in this section shall, as part of that claim, and under penalty of perjury, furnish that information as the Franchise Tax Board prescribes on a form supplied by the board.

(g) The credit provided in this section shall be claimed on returns in the form as the Franchise Tax Board may from time to time prescribe.

(h) For purposes of this section, "premises" means a house or a dwelling unit used to provide living accommodations in a building or structure and the land incidental thereto, but does not include land only, unless the dwelling unit is a mobilehome. The credit is not allowed for any taxable year for the rental of land upon which a mobilehome is located if the mobilehome has been granted a homeowners' exemption under Section 218 in that year.

(i) This section shall become operative on January 1, 1998, and applies to any taxable year beginning on or after January 1, 1998.

(j) For each taxable year beginning on or after January 1, 1999, the Franchise Tax Board shall recompute the adjusted gross income amounts set forth in subdivision (a). The computation shall be made as follows:

(1) The Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall compute an inflation adjustment factor by adding 100 percent to the portion of the percentage change figure which is furnished pursuant to paragraph (1) and dividing the result by 100.

(3) The Franchise Tax Board shall multiply the amount in subparagraph (B) of paragraph (1) of subdivision (d) for the preceding taxable year by the inflation adjustment factor determined in paragraph (2), and round off the resulting products to the nearest one dollar (\$1).

(4) In computing the amounts pursuant to this subdivision, the amounts provided in subparagraph (A) of paragraph (1) of subdivision (a) shall be twice the amount provided in subparagraph (B) of paragraph (1) of subdivision (a).

#### **SECTION 17. Amendment.**

The statutory provisions of this measure may be amended to further the purposes of the initiative by a statute passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring, and signed by the Governor.

**SECTION 18. Severability.**

The provisions of this measure are severable. If any provision of this measure or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

**SECTION 19. Effective Date.**

This measure shall become effective on January 1, 2011.