

# California's November 2006 Election & Infrastructure



The topic of infrastructure is in the news and on the ballot. The condition of our roads, schools, water supply, parks and other infrastructure is the foundation for how we live and work. There are many infrastructure issues that require decisions by the California public both before and after the upcoming November 7, 2006 election. The choices we make together will affect California's economy and quality of life for years to come.

## Infrastructure:

Basic facilities and services that support how our communities function, such as roads, bridges, power, water and public buildings like schools, libraries, and prisons

Funds to pay for California's infrastructure come from many different sources: federal, state and local government, taxes, bonds, fees from individual users and companies like utilities. In this election, voters will be asked to consider many different state and local government investments in infrastructure.

## Infrastructure on your ballot

State Bonds	<ul style="list-style-type: none"> <li>• <b>Prop 1B - Transportation Bond</b> (\$19.9 billion): pays for improvements and repairs to add lanes that will reduce traffic congestion, expand local transit, and improve air quality, earthquake safety and security.</li> <li>• <b>Prop 1C - Public Housing Bond</b> (\$2.85 billion): funds housing projects and related development, assistance for renters, first-time and low-income homebuyers and homeless shelters.</li> <li>• <b>Prop 1D - Education Facilities Bond</b> (\$10.4 billion): to build and upgrade K-12 schools, plus community college and public university facilities.</li> <li>• <b>Prop 1E - Flood Protection Bond</b> (\$4.1 billion): to repair levees and provide flood protection in the Central Valley plus flood safety projects in other parts of the state.</li> <li>• <b>Prop 84 - Environmental Protection and Water Quality Bond</b> (\$5.4 billion): to ensure safe drinking water and current water supply, restore waterways, and for flood control and parks.</li> </ul>
Local Bonds	Many counties will have major local bonds for infrastructure. Examples are \$1 billion for affordable housing in Los Angeles, \$450 million for K-12 schools in San Francisco and \$393 million for community college facilities in Orange County. Check your local ballot.
County Taxes	Several California counties will be asking voters to approve sales tax increases to help pay for local/regional transportation needs, including: Fresno, Kern, Marin, Merced, Orange, San Joaquin, Santa Barbara, Stanislaus and Tulare.

**What are Bonds?** Bonds are a way for governments to borrow money, usually for things that last a long time like schools and bridges. Voters must approve most California bonds that are to be paid back out of the state budget.

The government sells the bonds to get money now and pays them back with interest, usually over 30 years. For example, to pay back \$10 billion in bonds currently costs about \$650 million per year over 30 years, for a total of \$20 billion. Bond payments reduce what the state can spend on other budget items like education and health care.



After the election, there will still be choices to be made about California's infrastructure needs. Visit the new infrastructure section at [www.NextTen.org](http://www.NextTen.org) for more information.

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# Making decisions on how we pay for infrastructure



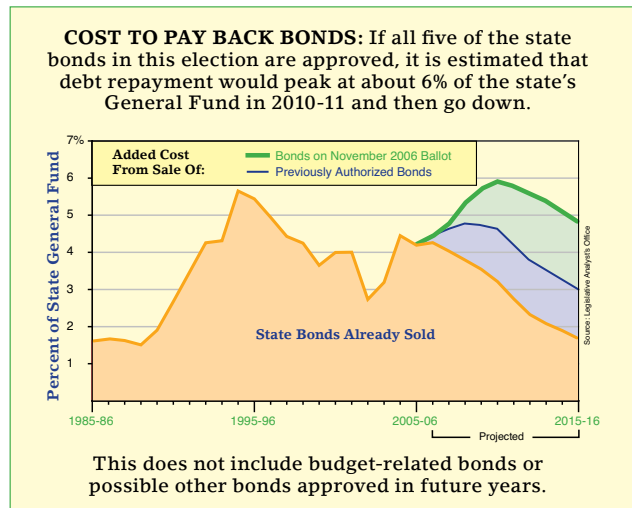
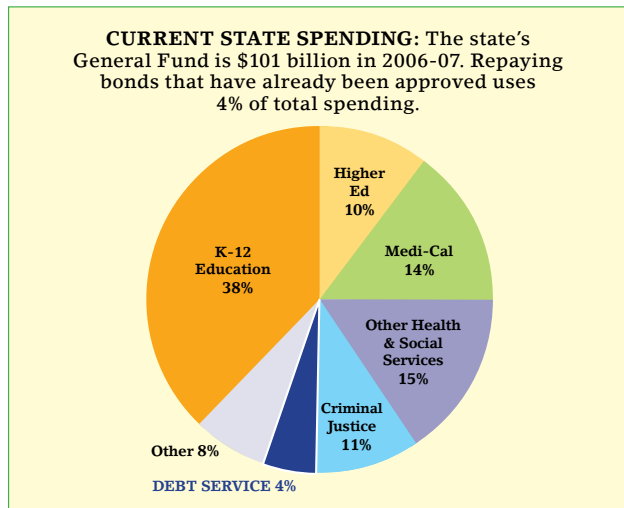
## For any infrastructure investment, we need to decide:

- **How much do we need?** How do we meet the needs of our communities and also make sure that we are using resources as wisely and efficiently as possible?
- **Who pays?** Do we want the general public to pay for it (like schools) or is it something that only users should pay for based on how much they use (like water bills or gas taxes)?
- **Do we pay now or later?** The table below shows how state and local governments can use the two most common ways to pay for government-owned infrastructure:
  - “Pay-as-you-go” which uses money already in a government’s annual budget
  - Issuing new bonds which borrow money in order to make improvements today

	“Pay as you go” with annual budget	Use bonds to borrow
State Government	The state budget is funded mainly by income and sales taxes. It pays for some kinds of infrastructure and also covers repayment of bonds.	Most state bonds must be approved by voters. The state sells the bonds and pays them back with interest out of the annual budget.
Local Government	Local governments can propose new taxes (e.g., ½-cent sales tax for local transportation projects).	Local bonds must be approved by voters. The bonds and interest are repaid by increases in property taxes.

## Some things to think about when deciding to vote yes or no on a bond:

- Is it a good investment that will last and keep providing value for the next generation?
- How does it compare to other possible long-term investments and infrastructure priorities?
- *For state bonds:* How will it affect the state’s total debt? Will repaying the bonds take too much away from other programs in the state budget?



Visit [www.NextTen.org](http://www.NextTen.org) for more information about infrastructure financing. Also visit [www.easyvoter.org](http://www.easyvoter.org) and [www.smartvoter.org](http://www.smartvoter.org) for more information about the ballot measures.

Next Ten creates tools that empower Californians through deeper understanding of critical issues affecting our state’s future economy and quality of life.