



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Deanna J. Santana  
Scott P. Johnson

**SUBJECT:** MARIJUANA BUSINESS TAX  
BALLOT MEASURE

**DATE:** July 23, 2010

Approved

Date

7/23/10

## RECOMMENDATION

- a) Council discussion and consideration of a proposed Marijuana Business Tax measure for the November 2, 2010 Election;
- b) If the Council wishes to proceed, adoption of a resolution of the City Council calling and giving notice of, on its own motion, a Special Municipal Election to be held on November 2, 2010, to submit to the electors of the City of San Jose the following measure:

### MEASURE

#### **Marijuana Business Tax**

In order to provide funding for essential City services such as police, fire, emergency response, street maintenance, pothole repair, parks, libraries, and youth and senior programs, shall an ordinance be adopted to impose a tax at the rate of 10% of gross receipts on marijuana businesses in San José, subject to existing independent financial audits, with all revenue controlled by the City?	YES	
	NO	

- c) Council discussion and consideration of adopting of provisions to permit rebuttal arguments in the November 2010 Voter's Sample Ballot, pursuant to Elections Code Section 9285.

## OUTCOME

Approval by the City Council of the proposed marijuana business tax ballot measure would result in voter consideration of the measure at the November 2, 2010 General Municipal Election.

## **EXECUTIVE SUMMARY**

At the June 22, 2010 City Council meeting, the City Council directed staff to conduct public polling on marijuana taxation for Council discussion on August 3, 2010, and to present the Council with ballot language for the November 2, 2010 election "that includes taxation of medical marijuana or any other legal uses."

Part of the discussion at the June 22, 2010 Council meeting centered on the City being in position to expand its taxation of marijuana businesses to those that would become legal if the voters also approve the State initiative on the November ballot known as the *Regulate, Control and Tax Cannabis Act of 2010 (Proposition 19)*. Proposition 19 would, among other things, (1) decriminalize and allow individuals to possess, cultivate, and transport small amounts of marijuana for personal use without a physician's recommendation and (2) allow cities to regulate and tax the commercial cultivation, processing, distribution and retail sales of up to one ounce of marijuana, for personal consumption, without the requirement of a physician's recommendation. If this initiative passes, the revenue generating potential of a Marijuana Business Tax would be increased, although revenue forecasts are undetermined at this time.

The purpose of this memo is to outline the policy decisions to be made by the City Council in determining the scope and the rate of a Marijuana Business Tax to be placed on the November ballot. The policy decisions to be discussed in the analysis section of this memo are:

1. If a Marijuana Business Tax is approved, should it apply to all marijuana businesses operating in the City, whether or not they are legally operating?
2. Should medical marijuana establishments be taxed at the same rate as non medical marijuana businesses?
3. What should the tax rate(s) be?

## **BACKGROUND**

At the June 22, 2010 City Council meeting, by the motion of Councilmember Oliverio per the June 18 memorandum authored by Mayor Reed and Councilmember Oliverio, the City Council directed the City Attorney to return to the August 3, 2010 City Council meeting with proposed ballot measure language for the November 2010 General Municipal Election that "includes the taxation of medical marijuana or any other legal uses." Additionally, the City Council also directed staff to conduct community polling during the month of July to inform the August 3 City Council discussion on marijuana business taxation and to schedule a Council Study Session in November 2010 on issues pertaining to medical marijuana collectives after the results of Proposition 19 are known.

As additional background, it should be noted that at the June 22, 2010 City Council meeting, staff presented a medical marijuana draft land use policy, a medical marijuana draft regulatory program, and provided an analysis on taxation and a potential ballot measure, as referred by the City Council on March 30, 2010. The motion that was ultimately approved by the City Council

recommended deferring the discussion of zoning/land use policy issues and the regulatory program to a City Council Study Session after the November election. Within the appropriate timeframe through the Rules & Open Government Committee process, staff will set the date for the City Council Study Session. Two options for a potential date have been tentatively held for November 18 and December 13.

## ANALYSIS

Given the broad range of City Council, stakeholder, and community input and focus, staff has developed three ballot measure options that respond to the City Council's direction as well as the potential outcome of each associated alternative. Staff proposes that the marijuana tax option selected by the City Council be in addition to the current business tax imposed pursuant to Chapter 4.76 of the Municipal Code.

The options for the new tax are discussed in detail below.

**Staff Recommendation:** A single marijuana business tax imposed on all marijuana businesses in the City at the rate set at 10% of gross receipts

**Single Rate Ballot Measure Alternative:** A single marijuana business tax rate, imposed on all marijuana businesses in the City, with the option of setting the tax rate on gross receipts at one of the following:

**Option 1:** 3% (per City Council direction)

**Option 2:** Single tax rate to be determined by the City Council

**Tiered Rate Ballot Measure Alternative:** A tiered marijuana business tax rate with the option of setting two separate tax rates on gross receipts for medical marijuana and non-medical marijuana

**Option 3:** Tiered tax rate of gross receipts for Medical Marijuana and for Non-Medical Marijuana, to be determined by the City Council

Following is discussion of (1) staff's recommendation, (2) ballot measure options and (3) discussion on policy decisions for the City Council.

(1) **Ballot Measure Staff Recommendation: Set a Single Tax Rate at 10%**

**OUTCOME:** If approved by voters, the City would be authorized to impose a business tax on all marijuana businesses (legal and illegal) at the rate of 10% of gross receipts for the privilege of conducting business in San José.

**DISCUSSION:** This proposed ballot measure is based on the City Council's original referral, as noted in Councilmember Oliverio's memorandum dated March 29, 2010, which directed the Administration to "apply a special business sales tax named 'cannabis business tax' with a *minimum* of 3% which equates to \$30 applied as the tax rate per \$1,000 of gross receipts of sale of medical cannabis and/or any medical cannabis products." The taxing structure of City Council's original referral is similar to that currently in place in the City of Oakland, which taxes \$18 per \$1,000 of gross receipts. The proposed ballot measure, which accomplishes the City Council's direction, would tax at a rate of 10% (\$100 per \$1,000 of gross receipts) on all medical and non-medical marijuana related businesses, whether operating legally or illegally in the City. In addition, recent polling results of likely voters indicate that a tax rate of 10% is an acceptable tax rate.

If approved by the voters on November 2, the maximum rate of the new marijuana business tax will be set at 10% of gross receipts. Nevertheless, the City Council, by ordinance, could subsequently implement a lower tax rate, or restore the tax to a rate that does not exceed 10% without voter approval.

It should be noted that the ability to forecast potential tax revenue is difficult, given that the population of recreational users of marijuana and medical marijuana patients in the San Jose Metropolitan Area is unknown. This is further complicated by the unknown approach the federal government will take regarding the legalization of recreational use of marijuana.

With these issues in mind, staff recommends a single tax rate for all marijuana businesses, legal or illegal, so that the tax rate can be applied consistently and clearly to all marijuana business activity, both by tax rate and business type, which is consistent with the City's current taxing approach. In addition, consistent with previous ballot measures, staff is recommending that revenues from the new marijuana business tax would be subject to the annual audit performed by the City's independent auditor, which is reported in the City's Comprehensive Annual Financial Report.

(2) **Single Rate Ballot Measure Alternatives**

***Option 1: Set Tax Rate at 3%***

**OUTCOME:** If approved by voters, the City would be authorized to impose a business tax on all marijuana businesses (legal and illegal) at the rate of 3% of gross receipts for the privilege of conducting business in San José.

**DISCUSSION:** This proposed ballot measure option would be implemented as described, but would generate \$30 per \$1,000 of gross receipts.

***Option 2: Set Tax Rate by City Council Discretion***

**OUTCOME:** The City Council can use its discretion to determine a different business tax rate on the gross receipts of all marijuana businesses (legal and illegal) for placement on the November 2010 ballot. If that rate is approved by voters, the City would be authorized to impose a business tax on the gross receipts of all marijuana businesses at the approved rate for the privilege of conducting business in San Jose.

**DISCUSSION:** This proposed ballot measure alternative would be implemented as described in Options #1 and #2, but would generate a “to be determined” amount per \$1,000 of gross receipts contingent on direction from the City Council.

***Option 3: Set Tiered Tax Rate for Medical Marijuana  
and for Non-Medical Marijuana, by City Council Discretion***

**OUTCOME:** The City Council can use its discretion to determine a two-tiered tax rate for medical and non-medical marijuana for the placement on the November 2010 ballot. If approved by voters, the City would be authorized to impose a gross receipts business tax on all legal medical marijuana businesses and a gross receipts business tax on all illegal medical marijuana businesses and non-medical marijuana businesses (legal and illegal) at a rate “to be determined” by the City Council for the privilege of conducting business in San José.

**DISCUSSION:** This proposed ballot measure alternative creates two separate tax rates for medical marijuana and non-medical marijuana that would generate two distinct “to be determined” amounts per \$1,000 of gross receipts for medical and non-medical marijuana. For example, a tiered tax rate could be 5% for medical marijuana (\$50 per \$1,000 of gross receipts) and 10% for non-medical marijuana and illegal medical marijuana (\$100 per \$1,000 of gross receipts).

**(3) Policy Decisions for the City Council**

***Policy Question 1: If a Marijuana Business Tax is approved, should it apply to all marijuana businesses operating in the City, whether or not they are legally operating?***

As mentioned above, the Council’s direction on June 22, 2010 was to bring forward a ballot measure “that includes the taxation of medical marijuana or any other legal uses.” If the Council intends to limit the collection of the tax for “legal uses” only, it would be a change in current

practice in how the City collects its business tax, which is to collect from any business that pays it, and to notify the business that a collection of the tax does not make the business legal from a land use or regulatory standpoint. For example, the City collects the current business tax from marijuana businesses regardless of their legal operating status in San Jose. The practice is similar to the State Board of Equalization, which requires marijuana businesses to apply for a seller's permit and pay sales tax, regardless if the businesses are operating legally or illegally. The City's current business tax, and the proposed marijuana business tax, are revenue generating taxes. The receipt of payment of the businesses taxes by the City does not in anyway authorize illegal activity. Therefore, illegal operations will continue to be subject to criminal and civil enforcement actions within existing resources.

If the tax is limited to "legal uses" only then medical marijuana businesses operating outside of State law requirements and/or the City's proposed regulatory and zoning ordinances would not be taxed. Likewise, if Proposition 19 passes, but the City does not choose to allow the retail sales of non medical marijuana in San Jose, those businesses operating in the City would not be taxed. If Proposition 19 passes and the City chooses to permit and regulate such businesses, we would not be able to tax businesses operating outside of our regulations. It should be noted that this is inconsistent with our existing business tax ordinance; any business conducting business in San Jose is subject to the existing business tax. To change this methodology would require additional resources in the Finance Department. A "legally operating" determination would require the Finance Department to coordinate with multiple departments within the City to determine if a business is operating legally in the City prior to issuing a business tax certificate. This requirement would cause the delay of a business from operating within the City prior to an issuance of a business tax certificate.

In addition, if the Council only taxes legal marijuana businesses, then the revenue generating potential of the new tax will be limited, and the City may not be able to generate significant new revenue to provide funding for essential City services, such as police, fire, emergency response, street maintenance, pothole repair, parks, libraries, and youth and senior programs.

The City Attorney, in coordination with the Finance Department, has drafted the proposed ordinance to comport with staff's recommendation set forth in this Memorandum which is to tax all marijuana businesses in the City at a rate of 10% of gross receipts. Consistent with the City's current business tax imposed under Chapter 4.76, the new marijuana business tax will apply to all marijuana businesses operating legally or illegally in the City.

***Policy Question 2: Should medical marijuana establishments be taxed at the same rate as non-medical marijuana businesses?***

Another approach would be for the City Council to create two separate tax rates—one for medical marijuana and another for non-medical marijuana businesses. This two tiered approach would tax medical marijuana businesses at a lower rate than non-medical marijuana businesses. With the above stated, inherent in this approach is the recognition of the compassionate use aspect of medical marijuana. It should be noted that two tiered proposed tax structures are currently being developed in the cities of Berkeley, Sacramento and Long Beach. However, the proposed taxes in those cities are limited to legally operating marijuana businesses. If

Proposition 19 fails, but the City's marijuana business tax passes, then the lower rate tax would apply to medical marijuana businesses operating legally in San José pursuant to the City's medical marijuana regulations, and the higher rate tax would apply to all other marijuana businesses operating illegally in the City.

Staff is not recommending a two-tiered system at this time given the many unknown factors related to revenue forecast, election results on the statewide ballot measure (Proposition 19), lack of consistent analysis regarding overall impact to medical marijuana if Proposition 19 passes, and the overall desire to have clarity around applying a tax to a business.

***Policy Question 3: What Should the Tax Rate(s) Be?***

The City Council has full discretion on setting the tax rate. Staff is recommending the application of a 10% single tax rate of gross receipts on marijuana businesses given the desire to create a streamlined implementation and tax collection methodology. For instance, a single tax rate removes the added administrative layer of auditing business for the application of the correct tax rate based on the ultimate use of the marijuana; whether medically or recreationally. A single tax rate would be applied to all businesses engaging in the sale or distribution of marijuana whether the activity was legal or illegal. Given that the outcome of Proposition 19 is unknown at this time, staff is not recommending a two-tiered approach for the reasons mentioned above.

It should be noted that although staff recommends a single 10% tax rate for legal and illegal marijuana businesses, given the unknown volume of transactions that would generate revenue to the City, staff has not forecasted revenue resulting from this staff recommendation nor would staff be able to forecast revenue for any other tax rate selected by the City Council for voter approval.

Lastly, staff's recommendation of a 10% single tax rate is supported by the results of the community polling. However, as this issue has polled favorably amongst likely voters, a tax rate set between the range of up to 10% would likely do well. The legal documents necessary to advance a ballot measure will be drafted to reflect any tax rate selected by the City Council for voter approval. Currently, the draft documents include a single tax rate of 10% as recommended by staff.

***Other California Cities***

Various California Cities have put in place, or are currently considering a marijuana business tax measure for the November 2010 ballot. For instance, while the City of Oakland already passed a marijuana business tax ballot measure in 2009, the Cities of Berkeley, Long Beach and Sacramento have taken recent actions regarding the placement of a marijuana business tax on their respective November ballots. Given the environment is rapidly changing with respect to policy decisions being considered in each respective City, the information below is accurate as of July 23, 2010. Please note that each city is unique with its approach for developing a marijuana business tax policy. Additional information related to each city's policy perspective is available on the websites noted in the footnotes to this memo.

<b>CITY</b>	<b>STATUS</b>
<b>BERKELEY</b>	On July 13, the City of Berkeley approved placement of a ballot measure that would impose a 2.5% tax rate on the gross receipts of medical marijuana businesses and a 10% tax rate on the gross receipts for non-medical marijuana businesses. Specifically for Medical Marijuana, the proposed 2.5% tax rate would be phased over two years. <sup>1</sup>
<b>LONG BEACH</b>	On August 3, the City of Long Beach will be considering a 5% tax on the gross receipts of medical marijuana businesses, a 5% to 10% tax on the gross receipts of non-medical marijuana businesses <i>plus</i> a square footage tax on exclusive marijuana cultivation sites of .0075 cents per square foot based on the City of Long Beach's commercial tax structure. <sup>2</sup>
<b>OAKLAND</b>	In November 2009, the voters of the City of Oakland approved Measure F; a ballot measure increased the tax rate on cannabis businesses from \$1.20 to \$18 per \$1,000 of gross receipts. On July 20, Oakland's City Council voted in favor to allow 4 medical marijuana cultivation facilities and impose a \$211,000 cultivation regulatory fee, a \$5,000 cultivation permit fee and a \$60,000 dispensary regulatory fee. <sup>3</sup> On July 22, Oakland's City Council approved placement of a ballot measure to tax 2.5% on medical marijuana dispensaries (up to 8%) and up to 10% on facilities that sell non-medical marijuana (contingent on if Proposition 19 passes). <sup>4</sup>
<b>SACRAMENTO</b>	On July 13, the City of Sacramento approved placement of a ballot measure to tax the gross receipts of medical marijuana businesses at a rate starting at 2% (capped at a maximum 4% tax rate) and 5% of the gross receipts of non-medical marijuana (capped at a maximum 10% tax rate). The City Council at its discretion may at any time by a resolution implement a lower tax rate or increased the tax rate as long as it does not exceed the maximum tax rate set forth in the tax ordinance. <sup>5</sup>

<sup>1</sup> Memorandum to Berkeley City Council from City Manager Phil Kamlarz, July 6, 2010:  
[http://www.ci.berkeley.ca.us/uploadedFiles/Clerk/Level\\_3\\_-\\_City\\_Council/2010/07Jul/2010-07-13\\_Item\\_51a\\_Place\\_Medical\\_Marijuan\\_Ordinance.pdf](http://www.ci.berkeley.ca.us/uploadedFiles/Clerk/Level_3_-_City_Council/2010/07Jul/2010-07-13_Item_51a_Place_Medical_Marijuan_Ordinance.pdf)

Revised memo, July 13, 2010: [http://www.ci.berkeley.ca.us/uploadedFiles/Clerk/Level\\_3\\_-\\_City\\_Council/2010/07Jul/Item%2051.pdf](http://www.ci.berkeley.ca.us/uploadedFiles/Clerk/Level_3_-_City_Council/2010/07Jul/Item%2051.pdf)

Revised memo—Amendments, July 13, 2010: [http://www.ci.berkeley.ca.us/uploadedFiles/Clerk/Level\\_3\\_-\\_City\\_Council/2010/07Jul/Item%2051\(1\).pdf](http://www.ci.berkeley.ca.us/uploadedFiles/Clerk/Level_3_-_City_Council/2010/07Jul/Item%2051(1).pdf)

<sup>2</sup> Memorandum to Long Beach City Council from Director of Financial Management/CFO Lori Ann Farrell, July 6, 2010:

<http://longbeach.legistar.com/LegislationDetail.aspx?ID=690289&GUID=D2FFAD4D-8C1C-43F5-BB48-BB57BB8AF5ED>

<sup>3</sup> Memorandum to Oakland Public Safety Committee from Councilmembers Rebecca Kaplan and Larry Reid, July 13, 2010: <http://clerkwebsvr1.oaklandnet.com/attachments/25359.pdf>

<sup>4</sup> Memorandum to Oakland City Council from Councilmembers Rebecca Kaplan and Larry Reid, July 22, 2010:  
<http://clerkwebsvr1.oaklandnet.com/attachments/25490.pdf>

<sup>5</sup> Memorandum to Sacramento City Council from Assistant City Manager Patti Bisharat, July 13, 2010:  
[http://sacramento.granicus.com/MediaPlayer.php?view\\_id=8&clip\\_id=2350](http://sacramento.granicus.com/MediaPlayer.php?view_id=8&clip_id=2350)



### ***Ballot Measure Rebuttal Arguments***

If the City Council wishes to allow rebuttal arguments to the marijuana business tax ballot measure, then the resolution calling for the Special Municipal Election will provide for rebuttal arguments pursuant to Elections Code Section 9285. If allowed by the City Council, the City Clerk may accept rebuttal arguments from either the author(s) of a primary argument in support of or opposition to a ballot measure, or any other person(s) authorized in writing by the author(s) to submit a rebuttal argument. Rebuttal arguments may not exceed 250 words and may be signed by no more than 5 persons.

### ***Ballot Measure Polling***

In order to evaluate the potential level of public support for a November ballot measure regarding the taxation of marijuana, eight (8) survey questions specific to this issue were developed to specifically gauge how likely voters may respond to a tax measure. The opinion research and public policy polling firm of Fairbanks, Maslin, Maullin, Metz & Associates (FM3), conducted a 25 minute telephone polling survey on the City's behalf to a sample size population of 800 during the period July 6 through 11. The concept questions, which were developed by staff and FM3, were crafted to best understand the receptivity of a marijuana business tax ballot measure for both medical and non-medical uses and to assess the most favorable provisions that could be applied. The concept questions, along with the polling results of "likely voters" are included separately on the City Council agenda to further inform policy discussion.

FM3 has provided staff with preliminary results of the survey questions, which concluded that:

- 68% of likely voters indicated that they would support a 3% tax on marijuana business
- 66% of likely voters indicated that they were in favor of a 10% tax
- 44% of respondents indicated that they would be more likely to support a marijuana business tax measure if the City Council were to adopt marijuana business regulations, while 34% stated that it would make no difference in their opinion

### ***Statewide Polling Results on Non-Medical Use of Marijuana***

In May 2010, the Public Policy Institute of California, a non-partisan think-tank, completed a survey titled *Californians and their Government* (Attachment A). This poll, which surveyed 2,003 adult California residents, examined preferences and perceptions regarding many political issues facing California. Specifically, respondents were asked their opinion regarding the legalization, regulation and taxation of the non-medical use of marijuana. The results concluded that Californians are divided on this issue, with 49% of likely voters in favor of the issue, and 49% were opposed. The survey results concluded that there were distinct differences across political and demographic groups, conclusions made by the Public Policy Institute of California included<sup>6</sup>:

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<sup>6</sup> Public Policy Institute of California, *Californians and their Government*, May 2010, page 4.

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<sup>6</sup> Public Policy Institute of California, *Californians and their Government*, May 2010, page 4.

### **EVALUATION AND FOLLOW UP**

If Council adopts a resolution to submit this measure to the voters on the November 2010 ballot, arguments for and against the measure, as well as the City Attorney's impartial analysis, would be due to the City Clerk by August 9, 2010, and rebuttal arguments (if authorized by City Council) are due to the City Clerk on August 16, 2010.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
  
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
  
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

If the City Council does approve ballot measure language for a marijuana business tax ballot measure, then staff would provide a flyer to the public to ensure that they receive accurate information from now until the election in November. In addition, staff will make certain that all the appropriate information is posted to the City's website.

It should be emphasized that the role of City staff, with respect to any ballot measures, is to provide accurate and impartial information to the public. The City's staff is prohibited from using City resources to participate in campaigns in support or opposition of any ballot measure. The role of the City Attorney's Office is to assist staff in developing the ballot measure and, if the measure is submitted to the voters, to draft the impartial analysis of the measure that is included in the sample ballot.

### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office and the Office of the City Clerk.

**FISCAL/POLICY ALIGNMENT**

This proposed marijuana business tax is in alignment with the City Council's direction at the June 22 City Council meeting to develop proposed ballot measure language for the November 2010 General Municipal Election that "includes the taxation of medical marijuana or any other legal uses."

**COST SUMMARY/IMPLICATIONS**

Based on the most recent estimates provided by the Santa Clara County Registrar of Voters, submitting a city-wide ballot measure to the voters on November 2, 2010 will cost the City of San José approximately \$758,000 for the first measure and \$366,000 for each subsequent measure. These costs would be paid from the General Fund. The above estimates include the incremental cost of rebuttal arguments, if authorized by the City Council, estimated at approximately \$39,000 per measure. If the Council were to decide not to allow rebuttal arguments, as it did in adopting Resolution 75304 on March 9, 2010 for Measure K (re: Card Rooms) on the June 2010 ballot, the City would save an estimated \$39,000 per measure.

The 2010-2011 General Fund Non-Personal/Equipment budget for the City Clerk's Office includes \$2.8 million for election costs, of which \$1.4 million was rebudgeted from 2009-2010 to pay for June 2010 election expenses. However, since the actual cost of the June election was only \$902,755, there is a total of \$1,897,245 available (originally budgeted \$1.4 million plus \$497,245) to address election costs in 2010-2011. Of this amount, \$91,000 is needed to provide funding for run-off elections in Districts 5, 7 and 9. The remaining \$1.8 million, based on the estimated costs above, will be adequate to fund three ballot measures.

**BUDGET REFERENCE**

The table below identifies the fund and appropriation that would be used to cover the potential election costs.

Fund #	Appn. #	Appn. Name	Total Appn.	2010-2011 Proposed Budget	Last Budget Action (Date, Ord. No.)
001	0452	City Clerk Non-Personal/ Equipment	\$2,985,930	VIII-30	06/29/10* Ord. 28765

\* The Adopted Budget includes the rebudget of \$1.4 million from 2009-2010 to cover estimated June 2010 election costs and the addition of \$280,000 for potential fall ballot measures that were approved as part of the Mayor's June Budget Message.

HONORABLE MAYOR AND CITY COUNCIL  
**Subject:** Marijuana Business Tax Ballot Measure  
July 23, 2010  
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**CEQA**

Not A Project under CEQA, per Section 15378(b)(4) of the CEQA Guidelines.

/s/  
DEANNA J. SANTANA  
Deputy City Manager

/s/  
SCOTT P. JOHNSON  
Finance Director

For questions please contact Deanna Santana, Deputy City Manager, at (408) 535-8280.

Attachments:

- A: Public Policy Institute of California Survey
- B: Field Poll Survey

# PPIC STATEWIDE SURVEY

MAY 2010

# Californians & their government



Mark Baldassare

Dean Bonner

Sonja Petek

Nicole Willcoxon

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in collaboration with  
The James Irvine Foundation

# ABOUT THE SURVEY

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The PPIC Statewide Survey series provides policymakers, the media, and the public with objective, advocacy-free information on the perceptions, opinions, and public policy preferences of California residents. Inaugurated in April 1998, this is the 107th PPIC Statewide Survey in a series that has generated a database of responses from more than 228,000 Californians.

This survey is the 41st in the *Californians and Their Government* series, which is conducted periodically to examine the social, economic, and political trends that influence public policy preferences and ballot choices. The series is supported with funding from The James Irvine Foundation. This survey seeks to raise public awareness, inform decisionmakers about public opinions, and stimulate public discussion and debate about important state and national issues.

This survey was conducted in the weeks prior to the June primary and as the 2010 election season gets into full swing; as the weak economy and high unemployment continue to weigh on the minds of Californians; and as more grim news about the state's budget deficit—that revenues will not meet projections in the May budget revision—is released. The national backdrop includes President Obama and Congress debating Wall Street reform and considering whether to address comprehensive immigration reform and new climate change policies this year.

This survey presents the responses of 2,003 adult residents throughout the state, interviewed in English or Spanish and reached by landline or cell phone. It includes findings on these topics:

- The 2010 elections, including Republican primary likely voter preferences for gubernatorial and senate candidates; likely voters' preferences regarding Proposition 14 on the June ballot and potential match-ups in the gubernatorial and senate general elections; and attention to news about gubernatorial candidates. We also examine perceptions and preferences regarding two issues—marijuana and water policy—that will be on the November ballot. The survey looks at residents' overall mood and outlook for California, and approval ratings of state and federal elected officials.
- The 2010–11 California budget, including perceptions of the seriousness of the multibillion-dollar budget deficit and preferred methods for dealing with it; satisfaction with the governor's budget proposal; and concerns about spending cuts and whether tax increases should have been included in that proposal. The survey also examines Californians' willingness to pay higher taxes to maintain funding for major state programs; perceptions about potential new revenue sources; and support for fiscal reforms being discussed in the legislature.
- Time trends, national comparisons, and the extent to which Californians—based on their political party affiliation, region of residence, race/ethnicity, and other demographics—may differ in their perceptions, attitudes, and preferences regarding the 2010 elections and state budget issues.

This report may be downloaded free of charge from our website ([www.ppic.org](http://www.ppic.org)). For questions about the survey, please contact [survey@ppic.org](mailto:survey@ppic.org). Try our PPIC Statewide Survey interactive tools online at <http://www.ppic.org/main/survAdvancedSearch.asp>.

## **NEWS RELEASE**

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EMBARGOED: Do not publish or broadcast until 9:00 p.m. PDT on Wednesday, May 19, 2010.

**Para ver este comunicado de prensa en español, por favor visite nuestra página de internet:**  
**<http://www.ppic.org/main/pressreleaseindex.asp>**

### **PPIC STATEWIDE SURVEY: CALIFORNIANS AND THEIR GOVERNMENT**

## **Stunning Drop in Whitman's Support Transforms GOP Race for Governor**

**FIORINA, CAMPBELL IN DEAD HEAT WHILE DEVORE'S SUPPORT DOUBLES**

SAN FRANCISCO, May 19, 2010—Support for Meg Whitman has plummeted 23 points since March, and she is now in a far closer race with Steve Poizner to become the Republican nominee for governor. These are among the results of a statewide survey released today by the Public Policy Institute of California (PPIC) with support from The James Irvine Foundation.

Less than a month before the June primary, Whitman leads Poizner 38 percent to 29 percent among Californians likely to vote in the Republican primary. A third of likely voters (31%) are undecided. In January, Whitman led Poizner by 30 points (41% Whitman, 11% Poizner, 44% undecided) and in March, by 50 points (61% Whitman, 11% Poizner, 25% undecided).

Whitman's support has dropped at least 17 points across all demographic groups, with the sharpest declines among those who are not college graduates (29 points) and those whose annual household incomes are at least \$80,000 (28 points). Support for Poizner has increased sharply across demographic groups, but a plurality in each group would still vote for Whitman.

The Republican senate primary race is also close, with Carly Fiorina (25%) and Tom Campbell (23%) deadlocked, as they were in March (24% Fiorina, 23% Campbell), and support doubling for Chuck DeVore (16% today, 8% March) among GOP likely voters. Thirty-six percent are undecided. Fiorina and Campbell have similar levels of support among men (29% Fiorina, 25% Campbell, 17% DeVore), with 29 percent undecided. Support for the two candidates is also similar among women (21% Fiorina, 20% Campbell, 14% DeVore), but 44 percent of women are still undecided.

"This election is very much in flux," says Mark Baldassare, PPIC president and CEO. "Voters are alienated. Republicans are struggling to figure out what to do about it and what their party stands for. The Democrats—with their candidates unchallenged—aren't going through this soul searching."

### **60 PERCENT FAVOR PROPOSITION 14**

In contrast to the closely contested candidate races, there is strong majority support for one ballot issue: primary reform. Proposition 14 would change the primary process so that the top two vote-getters—regardless of party—would advance to the general election. Among likely voters, 60 percent support Proposition 14, 27 percent oppose it, and 13 percent are undecided. Support is up 4 points from March.

Likely voters were asked whether it is important to them that voters be able to choose any candidate, regardless of party. A large majority (81%) say it is very important (51%) or somewhat important (30%).



A solid majority of likely voters also think either major changes (36%) or minor ones (35%) should be made to the primary system, with 23 percent saying the system is fine as it is.

### **NOVEMBER MATCHUPS: BROWN EDGES AHEAD OF WHITMAN, STILL LEADS POIZNER**

Looking ahead to a potential matchup in the general election, Democrat Jerry Brown has a slim lead over Republican Whitman among likely voters (42% to 37%), with 21 percent undecided. Whitman led Brown by a similar margin in March (44% Whitman, 39% Brown), while Brown was ahead in January (41% Brown, 36% Whitman). Strong majorities of Democrats support Brown (70%) and Republicans support Whitman (69%), with independents split (38% Brown, 34% Whitman, 28% undecided).

Brown leads in a matchup with Poizner (45% to 32%), with 23 percent undecided. Brown led by similar margins the last three times PPIC asked this question. Brown has strong support among Democrats (74%) and Poizner has strong support among Republicans (65%). Independents prefer Brown (40% to 27%), although a third (33%) are undecided.

### **BOXER REGAINS LEAD IN MATCHUPS WITH FIORINA, CAMPBELL**

Incumbent Democratic Senator Barbara Boxer leads each of the potential Republican senate nominees in hypothetical matchups. She is ahead of Campbell 46 percent to 40 percent. Both Boxer and Campbell maintain strong partisan support: 77 percent of Democratic likely voters prefer Boxer and 79 percent of Republicans support Campbell. But independents' preferences have shifted (January: 42% Boxer, 37% Campbell; March: 32% Boxer, 48% Campbell). Today they prefer Boxer by 13 points (48% to 35%).

Boxer leads Fiorina 48 percent to 39 percent. Partisans continue to strongly prefer their party's candidate (82% of Democrats support Boxer, 78% of Republicans support Fiorina), while independents have shifted back into Boxer's corner (44% Boxer, 33% Fiorina); they preferred Fiorina in March (January: 48% Boxer, 40% Fiorina; March: 35% Boxer, 41% Fiorina).

In results that have been similar since January, Boxer leads DeVore (50% to 39%) in a November matchup and has the support of just under half of independents (48%).

How do likely voters feel about the way Boxer is handling her job? Half (50%) approve, similar to January. Democrats (77%) and independents (53%) approve, while Republicans overwhelmingly disapprove (79%). Boxer's approval rating is similar to that of Senator Dianne Feinstein (53%), who is not up for re-election.

### **LEGALIZE MARIJUANA? CALIFORNIANS ARE DIVIDED**

Voters will also make the choice in November of whether to legalize marijuana and allow it to be regulated and taxed. They are divided about legalization, with 49 percent of likely voters in favor of this change in the law and 48 percent opposed. Results among all adults were similar: 48 percent favor legalization, and 49 percent are opposed. There are stark differences across political and demographic groups:

- **Majorities of Democrats (56%) and independents (55%) favor legalization.** Thirty-four percent of Republicans are in favor.
- **Most San Francisco Bay Area residents (56%) are in favor.** Residents in other regions are either divided or opposed.
- **Most Latinos (62%) oppose legalization.** A majority of whites (56%) are in favor.
- **Men (54%) are more likely to be in favor.** Less than half (42%) of women favor legalization.
- **Support for legalization decreases with age.** 56 percent of adults aged 18–34 are in favor compared to 42 percent aged 55 and older.

When asked about use of marijuana for medical purposes—an issue in cities where there have been disputes about dispensaries—76 percent say it should be allowed, with strong majorities of Democrats (82%), independents (80%), and Republicans (68%) holding this view.

## **THE BUDGET: RESIDENTS AGREE IT'S A PROBLEM, DISAGREE ABOUT SOLUTION**

With the state facing a \$19 billion budget deficit, a record-high 81 percent of Californians say the state budget situation is a big problem. But they are divided—as they were in March—on how to fill the budget gap: 42 percent prefer doing so through a mix of spending cuts and tax increases, while 39 percent would rely mainly on spending cuts. Far fewer would fill the gap mostly through tax increases (7%) or feel it is fine to borrow money and run a deficit (6%).

Residents are also divided over Schwarzenegger's May budget revision for the next fiscal year, which proposes big cuts in health and human services, as well as cutting spending for prisons and state employee compensation. The governor says his plan will maintain spending levels for K–12 education and increase funding for higher education. The plan includes no new taxes. After reading a brief description of the plan to 829 survey respondents, PPIC finds that 46 percent of Californians are satisfied with the plan and 43 percent are dissatisfied. Most Californians are concerned (40% very concerned, 40% somewhat concerned) about the impact of spending cuts in the governor's plan. Yet they are divided (46% yes, 49% no) about whether tax increases should be included.

Of the four main spending categories of the state budget, Californians are the most willing to consider a tax increase to spare K–12 education from budget cuts (69%), while just over half would pay higher taxes to maintain current funding levels for higher education (54%) or for health and human services (54%). A large majority (79%) opposes paying higher taxes to spare prisons and corrections from budget cuts.

Californians would consider some other ways to raise revenues: 67 percent favor raising the top rate of the state income tax paid by the wealthiest Californians and 58 percent would favor raising state taxes paid by California corporations. Residents are much less likely to support extending the state sales tax to services that are not currently taxed (35%) or increasing the vehicle license fee (28%).

## **HALF FAVOR LOWERING THRESHOLD FOR BUDGET PASSAGE TO SIMPLE MAJORITY**

A number of reforms are being proposed to improve state government. One of the most discussed is lowering the supermajority vote requirement to pass a state budget to a simple majority. Half (51%) of Californians say it would be a good idea to lower the threshold for budget passage and keep the supermajority requirement for passing state taxes. Less than half (47%) favor lowering the two-thirds vote requirement to a simple majority for both the state budget and state taxes.

## **MORE KEY FINDINGS**

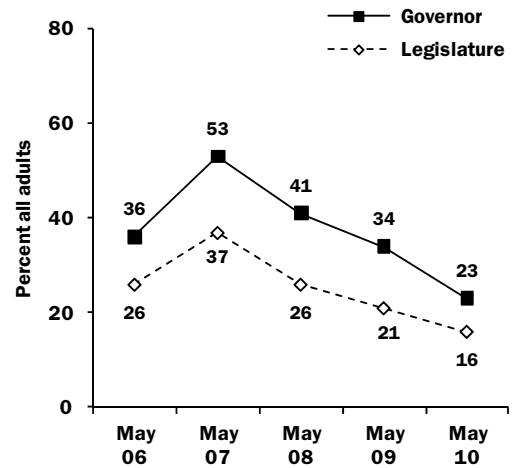
- **Governor's job approval rating sinks to new record, federal officials fare better**—pages 8, 9  
Schwarzenegger's rating drops (23%), the legislature's (16%) is near its lowest point—and a record-high 73 percent say the two will be unable to work together and accomplish a lot this year.
- **Rains don't diminish importance of water bond**—page 14  
Months of above-average rainfall have not changed overall perceptions of the state's water situation: Forty-two percent say the water supply in their part of the state is a big problem. Most say passage of an \$11.1 billion water bond is very (42%) or somewhat (28%) important.
- **Reform ideas get strong support**—page 22  
Strong majorities support the idea of requiring the legislature to practice pay-as-you-go budgeting (78%), develop a two-year spending plan (77%), and forfeit pay and per-day allowance when the state budget is late (75%).

# 2010 ELECTION CONTEXT

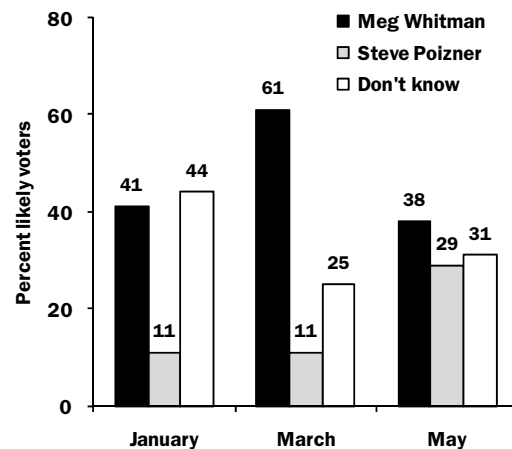
## KEY FINDINGS

- Californians' mood of gloom continues: Majorities say the state is headed in the wrong direction, is in a serious recession, and can expect bad economic times ahead. Half name jobs and the economy as the most important issue facing the state. *(page 7)*
- The governor's approval rating has reached a new low and legislative ratings remain near record lows. President Obama and Congress fare better, but the president has much higher ratings than does Congress. Senators Boxer and Feinstein both garner approval of half of Californians. *(pages 8, 9)*
- In the gubernatorial primary, Meg Whitman's 50-point lead over Steve Poizner in March has dropped to 9 points today among Republican primary likely voters. In the Republican senate primary, Tom Campbell and Carly Fiorina remain deadlocked while Chuck DeVore has gained support. *(page 10)*
- Proposition 14, which would change the primary election process, enjoys the support of six in 10 likely voters. *(page 11)*
- In potential fall matchups in the governor's race, Democrat Jerry Brown has a 5-point lead over Meg Whitman and leads Steve Poizner by 13 points. In the senate contest, Barbara Boxer leads Tom Campbell, Carly Fiorina, and Chuck DeVore. *(pages 12, 13)*
- Looking ahead to November election issues, four in 10 Californians say it is very important that voters pass an \$11.1 billion water bond. Californians are divided on whether marijuana should be legalized but strong majorities think it should be allowed for medical purposes. *(pages 14, 15)*

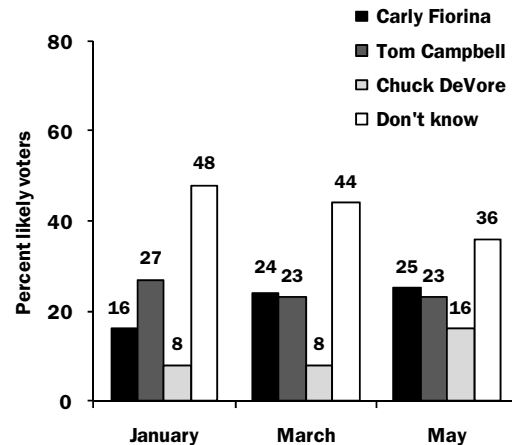
Approval Ratings of State Elected Officials



Republican Gubernatorial Primary



Republican Senatorial Primary



## OVERALL MOOD

With a 12.6 percent unemployment rate in the state, California residents continue to cite jobs and the economy (53%) as the most important issue Californians face today. Far fewer mention the state budget (15%), education and schools (10%), immigration (9%), or healthcare (3%). Mention of the state budget has increased 4 points since March, and is similar to last May (14%). Adults today are somewhat more likely to say immigration is the most important issue (3% March, 9% today), and the share citing education is similar to March (12% March, 10% today). The percentage naming jobs and economy has decreased 4 points since March (57%), and is similar to last May (54%). Jobs and the economy continues to top the list of concerns across parties, regions, and demographic groups.

### “Thinking about the state as a whole, what do you think is the most important issue facing people in California today?”

Top five issues mentioned	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
<b>Jobs, economy</b>	53%	55%	42%	57%	51%
<b>State budget, deficit, taxes</b>	15	13	24	15	19
<b>Education, schools</b>	10	13	7	9	8
<b>Immigration, illegal immigration</b>	9	5	14	6	9
<b>Health care, health costs</b>	3	4	1	4	3

Nine in 10 Californians say the state is in an economic recession, with 55 percent calling it a serious recession, 28 percent calling it a moderate recession, and 7 percent a mild one; 9 percent say the state is not in a recession. Across parties, a majority of Republicans (62%) and Democrats (55%) call the recession serious, with fewer than half of independents (47%) holding this view. Whites (59%) are more likely than Latinos (47%) to say the state is in a serious recession. More than half across regions call the recession serious.

Pessimism about the state’s economic future continues: two in three adults say bad financial times lie ahead over the next year. Across parties, Republicans (76%) are most likely to say bad times are ahead, followed by independents (65%) and Democrats (64%). Regionally, residents of the Central Valley (66%), Other Southern California region (66%), and Los Angeles (64%) hold similar views about bad economic times ahead, with San Francisco Bay Area residents slightly less pessimistic (59%). Whites (71%) are far more likely than Latinos (49%) to predict bad times. Those with annual household incomes under \$40,000 are much less likely (55%) to have a negative outlook than those with incomes of \$80,000 or more (74%). The expectation of bad times ahead increases as age and education rise.

Asked about the direction of the state, adults reiterate negative views: 77 percent say it is heading in the wrong direction. At least two-thirds across party, region, and demographic groups hold this view.

### “Turning to economic conditions in California, do you think that during the next 12 months we will have good times financially or bad times?”

	All Adults	Region				Likely Voters
		Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	
<b>Good times</b>	28%	24%	29%	29%	28%	22%
<b>Bad times</b>	65	66	59	64	66	71
<b>Don't know</b>	7	10	12	7	6	7

## GOVERNOR AND LEGISLATURE

Accompanying Californians’ negative view of the state’s economic situation are low approval ratings for state leaders. Governor Schwarzenegger’s 23-percent approval rating is a new record low, and his disapproval score reaches a new record high (65%). Approval for the governor last May was 11 points higher (34%). Democrats (73%) are the most likely to disapprove of the governor, and six in 10 in his own party disapprove (63%). Sixty-two percent of independents disapprove. More than six in 10 across regions disapprove of the governor: Residents of Los Angeles (68%) are most likely to disapprove, and San Francisco Bay Area (61%) residents least likely. Latinos (74%) give the governor the highest disapproval rating across demographic groups; 61 percent of whites disapprove. Seven in 10 who think the state is headed in the wrong direction or that bad economic times are ahead also disapprove of the governor.

The state legislature fares even worse, with seven in 10 residents disapproving its job performance and only 16 percent approving, near the record low of 14 percent reached in March. Likely voters (80%) are even more negative about the legislature. An overwhelming percentage of Republicans (85%) disapprove as do three in four Democrats (73%) and independents (74%). At least seven in 10 across regions disapprove. Latinos (61%) are far less likely than whites (78%) to disapprove. Adults aged 18–34 (59%) are far less likely to disapprove than those aged 55 and older (79%). Majorities across demographic groups disapprove of the legislature’s job performance.

### “Overall, do you approve or disapprove of the way that...”

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
<i>...Arnold Schwarzenegger is handling his job as governor of California?</i>	<b>Approve</b>	23%	19%	26%	24%	24%
	<b>Disapprove</b>	65	73	63	62	66
	<b>Don't know</b>	12	8	11	14	10
<i>...the California Legislature is handling its job?</i>	<b>Approve</b>	16	16	5	16	11
	<b>Disapprove</b>	72	73	85	74	80
	<b>Don't know</b>	12	11	10	10	9

Low approval ratings for state leaders are reflected in a general perception that the governor and legislature will not be able to work together and accomplish much this year. As the 2010-2011 budget negotiations loom, a record low 19 percent say the two sides will accomplish a lot, and a record high 73 percent say they won't. The perception that the governor and legislature will not work together has increased 8 points since January and 20 points since January 2009. More than six in 10 across political and demographic groups do not believe they will be able to work together to accomplish a lot this year.

### “Do you think that Governor Schwarzenegger and the state legislature will be able to work together and accomplish a lot this year, or not?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
<b>Yes, will be able to work together</b>	19%	16%	14%	18%	14%
<b>No, will not be able to work together</b>	73	77	77	78	80
<b>Don't know</b>	8	7	9	4	6

## FEDERAL ELECTED OFFICIALS

Californians rate federal leaders much higher than their state leaders. A majority of Californians (59%) approve of President Obama’s job performance, similar to March, but a 13-point drop since May 2009. According to an NBC/*Wall Street Journal* poll, Californians continue to approve of Obama more than do adults nationwide (50%). There are sharp partisan differences: Eight in 10 Democrats and six in 10 independents approve of the president, while three in four Republicans do not. Other Southern California residents (47%) are the least likely and Los Angeles residents (70%) the most likely to approve. Whites are divided in their assessments of Obama, but majorities across all other demographic groups approve.

With Congressional elections coming in November, 31 percent of Californians approve of Congress’ job performance—far lower than Obama’s approval, but higher than adults nationwide (21%), according to the NBC/*Wall Street Journal* poll. Congress’ ratings have increased since March (24%), but are down 16 points since last May. Eight in 10 Republicans and two in three independents disapprove of Congress’ job performance, compared to 53 percent of Democrats. Forty-four percent of Latinos disapprove of Congress compared to 73 percent of whites. Approval decreases as age, education, and income rise.

“Overall, do you approve or disapprove of the way that...”

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
<i>...Barack Obama is handling his job as president of the United States?</i>	Approve	59%	81%	21%	62%	53%
	Disapprove	37	16	75	34	43
	Don't know	4	3	4	4	4
<i>...the U.S. Congress is handling its job?</i>	Approve	31	38	12	28	26
	Disapprove	61	53	81	67	68
	Don't know	8	9	7	5	6

Democratic Senator Barbara Boxer, up for re-election this fall, has a 50-percent approval rating among California adults and likely voters, similar to January. Democrats (77%) and independents (53%) approve of her job performance, while Republicans overwhelmingly do not (13%). Liberals (73%), Latinos (60%), and women (53%) are more likely than conservatives (29%), whites (42%), and men (46%) to approve.

Half of adults and likely voters approve of Democratic Senator Dianne Feinstein, who is not up for re-election this fall. Seven in 10 Democrats approve compared to half of independents and 23 percent of Republicans. Approval of Feinstein varies widely across regions, with approval lowest in the Other Southern California region (40%), and highest in the San Francisco Bay Area (62%).

“Overall, do you approve or disapprove of the way that...”

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
<i>...Barbara Boxer is handling her job as U.S. senator?</i>	Approve	50%	77%	13%	53%	50%
	Disapprove	38	14	79	39	44
	Don't know	12	9	8	8	6
<i>...Dianne Feinstein is handling her job as U.S. senator?</i>	Approve	50	72	23	49	53
	Disapprove	35	16	66	38	39
	Don't know	15	12	11	13	8

## JUNE PRIMARY

With the June primaries less than a month away, the race for the Republican gubernatorial nomination has significantly tightened. Although Meg Whitman (38%) still leads Steve Poizner (29%) among Republican primary likely voters, there has been a stunning drop in her support since March. In January, Whitman led Poizner by 30 points (41% to 11%) and in March by 50 points (61% to 11%). Today, three in 10 voters are undecided, up 6 points since March, but far lower than in January (44%). Republican primary likely voters include the 12 percent of independent (decline-to-state) voters who say they will vote a Republican ballot. Decline-to-state voters may also choose a Democratic or nonpartisan ballot.

Whitman has seen a large drop in support among those who are not college graduates (down 29 points) and those with annual household incomes of \$80,000 and above (down 28 points). Her support has also dropped sharply among both men (61% March, 41% today) and women (61% March, 36% today). Across demographic groups, support for Whitman has fallen at least 17 points, while Poizner's support has increased sharply. Despite this drop in support, however, a plurality across demographic groups would still vote for Whitman.

### "If the Republican primary for governor were being held today, and these were the candidates, who would you vote for?"

<i>Republican primary likely voters only</i>	All Likely Voters	Household Income		Gender	
		Under \$80,000	\$80,000 or more	Men	Women
<b>Meg Whitman</b>	38%	38%	39%	41%	36%
<b>Steve Poizner</b>	29	25	35	29	29
<b>Someone else</b>	2	2	2	3	1
<b>Don't know</b>	31	35	24	27	34

The June Republican senatorial primary race remains close: Carly Fiorina (25%) and Tom Campbell (23%) are still in a dead heat, while Chuck DeVore's support has doubled (8% March, 16% today). Thirty-six percent of Republican primary likely voters remain undecided. Fiorina (29%) and Campbell (25%) hold similar levels of support among men, with 29 percent undecided. Support for Fiorina (21%) and Campbell (20%) is similar among women, with 44 percent of women still undecided. Fewer than three in 10 across income groups support any candidate, with pluralities undecided. All three candidates also hold similar levels of support among those aged 18–54 (22% Fiorina, 21% Campbell, 20% DeVore). Primary voters 55 and older support Fiorina (29%) or Campbell (25%) far more than DeVore (10%), with 35 percent undecided.

### "If the Republican primary for U.S. senator were being held today, and these were the candidates, who would you vote for?"

<i>Republican primary likely voters only</i>	All Likely Voters	Household Income		Gender	
		Under \$80,000	\$80,000 or more	Men	Women
<b>Carly Fiorina</b>	25%	23%	27%	29%	21%
<b>Tom Campbell</b>	23	23	23	25	20
<b>Chuck DeVore</b>	16	16	16	17	14
<b>Someone else</b>	–	–	1	–	1
<b>Don't know</b>	36	38	33	29	44

**PROPOSITION 14—CHANGE IN PRIMARY ELECTIONS**

Proposition 14—a state constitutional amendment on the June ballot—would change the California primary election process to a top-two-vote-getter system. It would allow voters to choose any candidate regardless of a candidate’s or voter’s political party. It would ensure that the two candidates receiving the most votes in the primary appear on the general election ballot, regardless of party. A strong majority of likely voters (60%) support this change, with 27 percent saying they would vote no and 13 percent undecided; support has risen 4 points since March. Majorities across parties support Proposition 14, with independents the most likely to say they would vote yes. Moderates (69%) are much more likely than liberals (59%) and conservatives (53%) to say they will vote yes; support among conservatives is similar to March, while support today is higher among liberals and moderates.

**“Proposition 14 is called ‘Elections. Increases Right to Participate in Primary Elections...’  
If the election were held today, would you vote yes or no on Proposition 14? ”\***

<i>Likely voters only</i>		<b>Yes</b>	<b>No</b>	<b>Don’t know</b>
<b>All Likely Voters</b>		60%	27%	13%
<b>Party</b>	<b>Democrats</b>	61	26	13
	<b>Republicans</b>	54	33	13
	<b>Independents</b>	67	19	14
<b>Ideology</b>	<b>Liberals</b>	59	27	14
	<b>Moderates</b>	69	18	13
	<b>Conservatives</b>	53	34	13
<b>Age</b>	<b>18–34</b>	68	27	5
	<b>35–54</b>	61	26	13
	<b>55 and older</b>	55	27	18

\*For complete text of proposition question, see p. 29.

Eighty-one percent of likely voters say the issue of allowing voters to choose any candidate, regardless of party, is very (51%) or somewhat (30%) important. More than half of independents (54%) say this issue is very important—as do half of Republicans (49%) and Democrats (52%), and six in 10 Proposition 14 supporters (62%).

A solid majority of likely voters think either major (36%) or minor changes (35%) should be made to the primary system in California; 23 percent say it needs no changes. Independents (46%) are most likely to say major changes are needed, followed by Democrats (35%) and Republicans (33%). Forty-two percent of moderates, 36 percent of conservatives, and 29 percent of liberals say major changes. A strong majority of likely voters who support Proposition 14 say major (45%) or minor (40%) changes are needed.

**“Do you think the primary system in California is in need of major changes, minor changes, or is it fine the way it is?”**

<i>Likely voters only</i>	<b>All Likely Voters</b>	<b>Party</b>			<b>Vote on Proposition 14</b>	
		<b>Dem</b>	<b>Rep</b>	<b>Ind</b>	<b>Yes</b>	<b>No</b>
<b>Major changes</b>	36%	35%	33%	46%	45%	18%
<b>Minor changes</b>	35	38	31	37	40	30
<b>Fine the way it is</b>	23	23	28	14	11	47
<b>Don’t know</b>	6	4	8	3	4	5



## NOVEMBER GUBERNATORIAL MATCHUPS

In a potential November gubernatorial matchup, Democrat Jerry Brown has a narrow lead over Republican Meg Whitman among likely voters (42% to 37%), with one in five undecided. Whitman led Brown by a similar margin in March (39% Brown, 44% Whitman), but Brown led Whitman in January (Brown 41%, Whitman 36%) and December (43% Brown, 37% Whitman). Today, Democrats strongly support Brown (70%) and Republicans strongly support Whitman (69%), while independents are divided (38% Brown, 34% Whitman). Independents are more likely than Democrats or Republicans to be undecided (14% Democrats, 21% Republicans, 28% independents).

Across regions, likely voters in the San Francisco Bay Area (63%) are the most likely to support Brown, followed by voters in Los Angeles (48%). Likely voters in the Other Southern California (47%) region are the most likely to support Whitman, followed by Central Valley voters (42% Whitman, 35% Brown). Latinos support Brown over Whitman by more than 2 to 1 (58% to 26%), while whites are more likely to support Whitman over Brown (43% to 38%). Among women, Brown is favored by 12 points—he was up by 3 points in March—and although men are divided, they preferred Whitman by 15 points in March. Likely voters aged 18 to 34 favor Brown by a slight 5 points (42% to 37%), while voters aged 55 and older favor Brown by 8 points (44% to 36%).

### “If these were the candidates in the November 2010 governor's election, would you vote for...”

Likely voters only	All Likely Voters	Party			Gender	
		Dem	Rep	Ind	Men	Women
<b>Jerry Brown, the Democrat</b>	42%	70%	10%	38%	40%	45%
<b>Meg Whitman, the Republican</b>	37	16	69	34	42	33
<b>Don't know</b>	21	14	21	28	18	22

Brown continues to lead Steve Poizner in a hypothetical November matchup (45% to 32%) and held similar leads each of the last three times we asked this question. About one in four continue to be undecided. Brown enjoys the support of about three in four Democrats (74%), while Poizner has the support of about two in three Republicans (65%). Independents prefer Brown to Poizner (40% to 27%) and are more likely to be undecided (16% Democrats, 23% Republicans, 33% independents).

Brown leads among likely voters in the San Francisco Bay Area (65% to 17%) and in Los Angeles (49% to 26%), while likely voters in the Other Southern California region prefer Poizner (45% to 33% for Brown). Central Valley voters are divided (38% Poizner, 34% Brown). Latinos overwhelmingly support Brown over Poizner (64% to 13%), while whites are divided (40% Brown, 39% Poizner). Brown enjoys a 20-point lead among women (47% to 27%), and men slightly prefer Brown (42% Brown, 37% Poizner).

### “If these were the candidates in the November 2010 governor's election, would you vote for...”

Likely voters only	All Likely Voters	Party			Gender	
		Dem	Rep	Ind	Men	Women
<b>Jerry Brown, the Democrat</b>	45%	74%	12%	40%	42%	47%
<b>Steve Poizner, the Republican</b>	32	10	65	27	37	27
<b>Don't know</b>	23	16	23	33	21	26

Two in three likely voters say they are very (21%) or fairly closely (46%) following news about the candidates. This is similar to March, but much higher than in January. Attention today is similar to the 68 percent who were closely following news in May 2006, just before the June gubernatorial primary.

## NOVEMBER SENATORIAL MATCHUPS

Incumbent Democratic Senator Barbara Boxer leads any of the three potential Republican nominees in hypothetical November matchups for her senate seat. Boxer leads Tom Campbell (46% to 40%), with 77 percent of Democrats supporting Boxer and 79 percent of Republicans supporting Campbell. Independents prefer Boxer over Campbell by 13 points (48% to 35%). While partisan support has held steady, support among independents has shifted since January (January: 42% Boxer, 37% Campbell; March: 32% Boxer, 48% Campbell; today: 48% Boxer, 35% Campbell). Today, Boxer is preferred by two in three Latinos and half of women, while Campbell is preferred among whites (48% to 40% for Boxer) and men are divided (44% Campbell, 42% Boxer). Boxer leads by 32 points in the San Francisco Bay Area and by 24 points in Los Angeles, while Campbell has a 16-point lead in the Other Southern California region and a 12-point lead in the Central Valley.

### “If these were the candidates in the November 2010 U.S. senator’s election, would you vote for...”

<i>Likely voters only</i>	All Likely Voters	Party			Gender	
		Dem	Rep	Ind	Men	Women
<b>Barbara Boxer, the Democrat</b>	46%	77%	8%	48%	42%	51%
<b>Tom Campbell, the Republican</b>	40	14	79	35	44	37
<b>Don't know</b>	14	9	13	17	14	12

In another possible November matchup, Boxer leads Carly Fiorina (48% to 39%). Partisans strongly support their party’s candidate (82% of Democrats support Boxer, 78% of Republicans support Fiorina). Independents have shifted back into Boxer’s corner after moving toward Fiorina in March (January: 48% Boxer, 40% Fiorina; March: 35% Boxer, 41% Fiorina; Today: 44% Boxer, 33% Fiorina). Boxer leads in the San Francisco Bay Area (68%) and Los Angeles (58%) and among Latinos (67%) and women (53%). Fiorina leads in the Other Southern California region (52%) and the Central Valley (49%) and has a slight lead among whites (46% Fiorina to 41% Boxer). Men are divided (44% each).

### “If these were the candidates in the November 2010 U.S. senator’s election, would you vote for...”

<i>Likely voters only</i>	All Likely Voters	Party			Gender	
		Dem	Rep	Ind	Men	Women
<b>Barbara Boxer, the Democrat</b>	48%	82%	9%	44%	44%	53%
<b>Carly Fiorina, the Republican</b>	39	11	78	33	44	34
<b>Don't know</b>	13	7	13	23	12	13

Boxer continues to lead Chuck DeVore in a potential November matchup (50% to 39%), and enjoys the support of more than eight in 10 Democrats (84%) and just under half of independents (48%); eight in 10 Republicans support DeVore. Boxer leads among Latinos (71%) and women (55%), while DeVore has a slight lead among whites (47% DeVore, 42% Boxer). Men are divided (45% Boxer, 43% DeVore).

### “If these were the candidates in the November 2010 U.S. senator’s election, would you vote for...”

<i>Likely voters only</i>	All Likely Voters	Party			Gender	
		Dem	Rep	Ind	Men	Women
<b>Barbara Boxer, the Democrat</b>	50%	84%	9%	48%	45%	55%
<b>Chuck DeVore, the Republican</b>	39	9	80	35	43	34
<b>Don't know</b>	11	7	11	17	12	11

**NOVEMBER BALLOT ISSUES—WATER POLICY**

After experiencing several years of drought but above-average rainfall recently, four in 10 Californians say the water supply in their part of the state is a big problem, with 27 percent calling it somewhat of a problem and 29 percent not much of a problem. Despite the above-average rainfall of late, perceptions today are largely unchanged from December (44% big, 29% somewhat, 25% not much of a problem). Since December the perception that water supply is a big problem has dropped 4 points in the Central Valley (50% to 46%) and 5 points in Los Angeles (45% to 40%). It is similar in the San Francisco Bay Area (32% to 31%) and Other Southern California region (47% to 46%).

Across parties, the view that the water supply is a big problem is largely unchanged from December—50 percent among Republicans (50% December), 46 percent among Democrats (48% December), and 40 percent among independents (41% December). Whites are much more likely than Latinos (47% to 37%) to say their region’s water supply is a big problem.

**“Would you say that the supply of water is a big problem, somewhat of a problem, or not much of a problem in your part of California?”**

	All Adults	Region				Likely Voters
		Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	
<b>Big problem</b>	42%	46%	31%	40%	46%	48%
<b>Somewhat of a problem</b>	27	23	31	27	29	28
<b>Not much of a problem</b>	29	29	37	30	23	23
<b>Don’t know</b>	2	2	1	3	2	1

Last October the governor called a special session to address the state’s water crisis; the result was a legislative package that included a proposal for an \$11.1 billion bond measure dedicated to water projects. Asked about the importance of passing the bond measure, four in 10 residents (42%) say it is very important (down from 47% in December) and 28 percent say it is somewhat important. Democrats are more likely than Republicans and independents to consider passage of the water bond very important, but the shares in both parties have declined since December (52% to 47% Democrats; 37% to 26% Republicans). Views among independents rose 4 points (from 36% to 40% today). Passing the water bond is considered more important in the Central Valley (47%, similar to December) and Los Angeles (46%, down 8 points) than in the San Francisco Bay Area (39%, down 8 points) and Other Southern California region (38%, down 5 points). Just over half of those who call their area’s water supply a big problem say passing the bond is very important (54%).

**“The governor and legislature recently passed a water package that includes water conservation requirements and plans for new water storage systems, water clean-up and recycling, and a council to oversee restoration of the Sacramento-San Joaquin Delta. This package includes a proposal for an \$11.1 billion bond measure to pay for water projects. How important is it that voters pass the bond measure?”**

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
<b>Very important</b>	42%	47%	26%	40%	38%
<b>Somewhat important</b>	28	29	27	29	28
<b>Not too important</b>	9	7	15	9	10
<b>Not at all important</b>	11	6	20	14	14
<b>Don’t know</b>	10	11	12	8	10

## NOVEMBER BALLOT ISSUES—MARIJUANA POLICY

Another measure on the November ballot is one legalizing marijuana and allowing it to be regulated and taxed. Forty-eight percent of adults and 49 percent of likely voters think marijuana should be made legal. According to a recent Pew Research Center poll, Americans nationwide (41% legal, 52% illegal) are somewhat less likely to agree with Californians on this issue. Democrats (56%) and independents (55%) are far more likely than Republicans (34%) to say marijuana should be legal. Residents in the San Francisco Bay Area (56%) are the most likely to say it should be legal, with residents in other regions either divided or opposed (Other Southern California region: 42% legal, 55% illegal; Central Valley: 47% legal, 49% illegal; Los Angeles: 49% legal, 50% illegal). Strong majorities of Latinos (62%) are against legalization, while majorities of whites (56%) think it should be legal. Men (54%) are much more likely than women (42%) to say marijuana should be made legal. Support for legalization decreases as age increases.

**“A November ballot initiative is titled, ‘Changes California law to legalize marijuana and allow it to be regulated and taxed.’ In general, do you think the use of marijuana should be made legal, or not?”**

	Should be made legal	Should not be made legal	Don't know
<b>All adults</b>	48%	49%	3%
<b>Party</b>	<b>Democrats</b>	56	42
	<b>Republicans</b>	34	62
	<b>Independents</b>	55	43
<b>Age</b>	<b>18–34</b>	56	41
	<b>35–54</b>	47	50
	<b>55 and older</b>	42	54
<b>Race/ Ethnicity</b>	<b>Latinos</b>	37	62
	<b>Whites</b>	56	40
<b>Gender</b>	<b>Men</b>	54	43
	<b>Women</b>	42	54
<b>Likely voters</b>	49	48	3

When asked about the use of marijuana for medical purposes (currently legal in California), three in four Californians—including strong majorities of Democrats, Republicans, and independents—think it should be allowed. More than six in 10 across regions and demographic groups think that adults should be allowed to legally use marijuana for medical purposes. Results were somewhat similar when we asked this question in September 2005, when 71 percent supported medical use of marijuana. In a similar question from Pew, 73 percent of adults nationwide favor allowing marijuana use for medical purposes.

**“Regardless of what you think about the personal non-medical uses of marijuana, do you think adults should be allowed to legally use marijuana for medical purposes if their doctors prescribe it or do you think that marijuana should be illegal even for medical purposes?”**

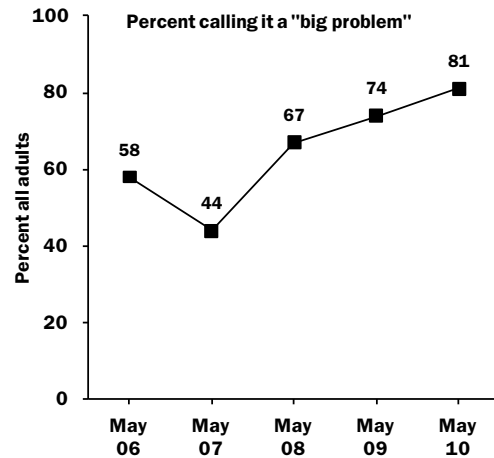
	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
<b>Should be allowed for medical purposes</b>	76%	82%	68%	80%	77%
<b>Should be illegal even for medical purposes</b>	22	16	28	19	20
<b>Don't know</b>	2	2	4	1	3

# CALIFORNIA STATE BUDGET

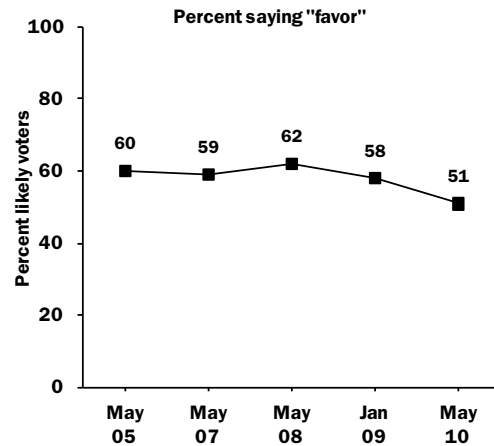
## KEY FINDINGS

- A record high percentage of Californians view the state budget situation as a big problem. Californians are divided about using spending cuts alone to deal with the deficit (39%) or using a mix of spending cuts and tax increases (42%). *(page 17)*
- Californians prefer state budget decisions to be made by the Democrats in the legislature (35%), followed by the Republicans in the legislature (25%). A record low 11 percent prefer Governor Schwarzenegger's approach. Most Californians continue to say they most want to protect K–12 public education from spending cuts. *(page 18)*
- Most Californians would pay higher taxes to maintain current funding for K–12 public education. Just over half would do so for higher education and for health and human services. At least half of likely voters favor raising taxes on the wealthy and corporations, although support for these new revenue options has declined. Most likely voters oppose extending the state sales tax or increasing the vehicle license fee. *(pages 19, 20)*
- Californians are divided (46% satisfied, 43% dissatisfied) about the governor's budget proposal, which was released May 14. Forty percent are very concerned about the effects of the spending reductions in his plan. Voters are divided along party lines about whether the proposal should include tax increases. *(page 21)*
- Half of likely voters say it is a good idea to lower the supermajority vote threshold to a simple majority to pass a state budget and to keep the two-thirds vote to pass state taxes; several other fiscal reforms enjoy stronger support. *(page 23)*

### Budget Situation in California



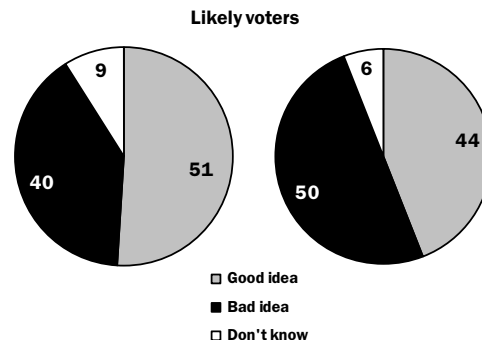
### Raising the State Taxes Paid by Corporations



### Fiscal Reforms

Simple Majority Vote for State Budget, 2/3 Vote for State Taxes

Simple Majority Vote for Both State Budget and State Taxes



## APPROACHING THE STATE BUDGET GAP

In the midst of a continued economic downturn and with the state facing a \$19 billion budget deficit, how do Californians perceive the state budget situation? A record high 81 percent of Californians say the state budget situation is a big problem, and another 15 percent say it is somewhat of a problem. The current percentage calling the budget a big problem is similar to that in March (77%). At least seven in 10 Californians have called the state budget situation a big problem since August 2008. Today, likely voters are even more negative, with nearly nine in 10 calling the budget situation a big problem.

Republicans (90%), Democrats (84%), and independents (83%) all agree that the state budget situation is a big problem. More than three in four across regions say that the budget situation is a big problem, as do two in three Latinos (67%), nearly nine in 10 whites (88%), and eight in 10 men and women (81% each). At least seven in 10 across age, education, and income groups say the situation is a big problem.

**“Do you think the state budget situation in California—that is, the balance between government spending and revenues—is a big problem, somewhat of a problem, or not a problem for the people of California today?”**

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
<b>Big problem</b>	81%	84%	90%	83%	88%
<b>Somewhat of a problem</b>	15	13	8	16	11
<b>Not a problem</b>	1	2	–	–	1
<b>Don't know</b>	3	1	2	1	–

Nearly all Californians call the budget situation a big problem—so how would they like to deal with it? Four in 10 Californians prefer handling the state’s budget gap through a mix of spending cuts and tax increases (42%). Similarly, four in 10 prefer closing the budget gap mostly through spending cuts (39%). Far fewer say mostly through tax increases (7%) or that it is okay to borrow money and run a deficit (6%). These findings are similar to those in March (38% mix, 39% cuts). About half of Democrats (52%) prefer a mix, about six in 10 Republicans (63%) prefer spending cuts, and independents are divided between spending cuts (42%) and a mix of spending cuts and tax increases (44%). Across regions, residents in the San Francisco Bay Area (48%) and Los Angeles (43%) are more likely to prefer a mix, while residents in the Central Valley (45%) and the Other Southern California region (45%) are more likely to prefer spending cuts. Latinos (39% mix, 36% cuts) and whites (43% mix, 43% cuts) are both divided between the two approaches, but Latinos are more likely than whites to say it is okay to borrow money and run a deficit (12% to 2%).

**“How would you prefer to deal with the state's budget gap—mostly through spending cuts, mostly through tax increases, through a mix of spending cuts and tax increases, or do you think that it is okay for the state to borrow money and run a budget deficit?”**

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
<b>Mix of spending cuts and tax increases</b>	42%	52%	27%	44%	42%
<b>Mostly spending cuts</b>	39	26	63	42	41
<b>Mostly tax increases</b>	7	9	2	6	8
<b>Okay to borrow money and run a deficit</b>	6	7	2	3	3
<b>Other</b>	2	1	3	2	3
<b>Don't know</b>	4	5	3	3	3

**APPROACHING THE STATE BUDGET GAP (CONTINUED)**

When it comes to making tough budget decisions, about one in three Californians prefer the approach of the Democrats in the state legislature, while about one in four prefer the approach of the legislative Republicans. A record low—11 percent—prefer Governor Schwarzenegger’s approach. In January 2004, just after Governor Schwarzenegger took office, a plurality of Californians (33%) preferred his approach. Since then, pluralities (although never more than 39 percent) have chosen legislative Democrats as the group they prefer to make tough budget choices. Today, likely voters slightly prefer legislative Democrats.

Most Democrats prefer legislators from their own party to make budget decisions, and most Republicans prefer legislators from their party. There is less consensus among independents, but a plurality prefer legislative Democrats (31%) on this issue. San Francisco Bay Area and Los Angeles residents prefer the approach of legislative Democrats, Other Southern California residents prefer that of legislative Republicans, and Central Valley residents are divided between the two. Among those who disapprove of the legislature, six in 10 would still choose legislators (Democratic or Republican) over the governor to make tough budget decisions.

**“When it comes to the tough choices involved in the state budget, both in deciding how much Californians should pay in taxes and how to fund state programs, whose approach do you most prefer—Governor Schwarzenegger’s, the Democrats’ in the legislature, or the Republicans’ in the legislature?”**

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
<b>Democrats’ in the legislature</b>	35%	60%	6%	31%	34%
<b>Republicans’ in the legislature</b>	25	8	56	24	29
<b>Governor Schwarzenegger’s</b>	11	9	11	13	9
<b>Other</b>	1	1	1	3	2
<b>None (volunteered)</b>	10	8	9	12	11
<b>Don’t know</b>	18	14	17	17	15

Majorities of Californians, likely voters, Democrats, Republicans, and independents say that of the four major areas of state spending, they would most like to protect K–12 public education from spending cuts. Fewer than 20 percent of Californians name higher education or health and human services, and just 7 percent choose prisons and corrections. Since we first asked this question in June 2003, majorities of Californians have chosen K–12 education as the area they would most like to protect. At least half across regions and demographic groups select K–12 education, and the percentage naming this spending area rises as education and income levels increase.

**“Some of the largest areas for state spending are....Thinking about these four areas of state spending, I’d like you to name the one you most want to protect from spending cuts.”**

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
<b>K–12 public education</b>	56%	57%	55%	64%	57%
<b>Higher education</b>	17	20	15	18	18
<b>Health and human services</b>	17	19	11	8	13
<b>Prisons and corrections</b>	7	3	13	8	8
<b>Don’t know</b>	3	1	6	2	4

## WILLINGNESS TO INCREASE TAXES

Californians not only prefer to spare K–12 public education from spending cuts but, of the four top spending areas, they are also the most willing (69%) to consider paying higher taxes to maintain current funding for K–12 education. By comparison, just over half would do so to maintain current funding levels for higher education (54%) or health and human services (54%). A strong majority (79%) would not pay higher taxes to maintain funding for prisons and corrections. At least two in three Californians expressed willingness to pay higher taxes to maintain K–12 education in June 2003 (67%), January 2004 (67%), January 2008 (67%), and January 2010 (66%). Willingness to pay higher taxes to maintain higher education or health and human services is about the same today as it was in January 2008 and January 2010. Opposition to increased taxes to maintain prisons was even higher this past January (87%), and has declined 8 points since then.

**“Tax increases could be used to help reduce the state budget deficit. For each of the following, please indicate whether you would be willing to pay higher taxes for this purpose, or not. What if the state said it needed more money just to maintain current funding for...? Would you be willing to pay higher taxes for this purpose, or not?”**

	K–12 public education	Higher education	Health and human services	Prisons and corrections
<b>Yes</b>	69%	54%	54%	18%
<b>No</b>	29	43	43	79
<b>Don't know</b>	2	3	3	3

At least half of likely voters, voters across parties, and Californians across age, racial/ethnic, gender, and regional groups would be willing to pay higher taxes to maintain K–12 funding, with Democrats, younger Californians, women, and Latinos among the most likely to say this. Of those who say they most want to protect K–12 from cuts, 79 percent would pay more taxes to maintain current funding levels. There is less agreement on other budget areas. Half of likely voters would pay higher taxes to maintain higher education funding. Most Democrats and independents would consider paying higher taxes for this purpose, but most Republicans would not. Latinos are far more likely than whites to express support for higher education. For health and human services, half of likely voters would pay more taxes. Across parties, a strong majority of Democrats would pay higher taxes for this budget area, a strong majority of Republicans would not, and independents are evenly divided. Fewer than one in four in any political, regional, or demographic group would pay more taxes to maintain prison funding.

Percent saying yes		K–12 public education	Higher education	Health and human services	Prisons and corrections
<b>All adults</b>		69%	54%	54%	18%
<b>Party</b>	<b>Democrats</b>	79	64	69	20
	<b>Republicans</b>	51	32	25	15
	<b>Independents</b>	67	54	48	14
<b>Age</b>	<b>18–34</b>	85	68	64	22
	<b>35–54</b>	67	52	54	16
	<b>55 and older</b>	56	43	43	16
<b>Race/Ethnicity</b>	<b>Latinos</b>	81	71	72	17
	<b>Whites</b>	63	44	44	17
<b>Gender</b>	<b>Men</b>	65	52	51	16
	<b>Women</b>	74	56	56	20
<b>Likely voters</b>		64	50	49	17



## NEW REVENUE SOURCES

The governor’s budget proposal for the next fiscal year does not include new taxes. Still, Californians would consider some other ways to raise revenues: 67 percent favor raising the top rate of the state income tax paid by the wealthiest Californians and 58 percent would favor raising state taxes paid by California corporations. Since we first asked this question in January 2004, strong majorities have expressed support for the idea of raising taxes on California’s wealthiest residents. Today, six in 10 likely voters express support, which has declined somewhat over time (69% January 2004 to 62% today). Strong majorities of Democrats and independents favor this idea, while a majority of Republicans oppose it. Majorities in all regions and demographic groups favor this idea, but support declines as income rises.

About six in 10 adults and likely voters supported raising corporate taxes in May 2005, 2007, and 2008. Today, 58 percent of all adults and 51 percent of likely voters favor this idea. Most Democrats (73%) are in favor and most Republicans (66%) are opposed. Independents are more likely to favor (55%) than oppose (41%) raising corporate taxes. Support declines as age, education, and income rise. It is highest in the San Francisco Bay Area (68%) and lowest in the Other Southern California region (48%).

**“Tax and fee increases could be used to help reduce the state’s large gap between spending and revenues. For each of the following, please say if you favor or oppose the proposal. How about...”**

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
<i>...raising the top rate of the state income tax paid by the wealthiest Californians?</i>	<b>Favor</b>	67%	80%	39%	69%	62%
	<b>Oppose</b>	30	17	58	28	36
	<b>Don't know</b>	3	3	3	3	2
<i>...raising the state taxes paid by California corporations?</i>	<b>Favor</b>	58	73	30	55	51
	<b>Oppose</b>	39	23	66	41	45
	<b>Don't know</b>	3	4	4	4	4

Californians are much less likely to support extending the state sales tax to services that are not currently taxed (35%) or increasing the vehicle license fee (28%). Among likely voters, 35 percent favor extending the state sales tax, similar to previous findings that included specific areas for extending the sales tax, while 32 percent favor increasing the vehicle license fee, down 10 points since May 2008.

Republicans (68%) are more likely than independents (56%) and Democrats (48%) to oppose extending the state sales tax, while more than six in 10 across parties oppose increasing the vehicle license fee. Majorities of Californians across regional and demographic groups oppose both ideas, but upper-income residents and college graduates are less opposed than others to increasing the vehicle license fee.

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
<i>...extending the state sales tax to services that are not currently taxed?</i>	<b>Favor</b>	35%	44%	26%	37%	35%
	<b>Oppose</b>	58	48	68	56	58
	<b>Don't know</b>	7	8	6	7	7
<i>...increasing the vehicle license fee?</i>	<b>Favor</b>	28	36	20	30	32
	<b>Oppose</b>	69	62	76	67	66
	<b>Don't know</b>	3	2	4	3	2

## GOVERNOR'S BUDGET PROPOSAL

On Friday May 14, Governor Schwarzenegger released his May budget revision for the next fiscal year. Starting on May 14, we asked 829 survey respondents three questions about his proposal, including a brief description of the proposal and attitudes towards spending cuts and tax increases.

To deal with the state's sizable budget deficit, the governor has proposed spending cuts in his budget plan. The plan does not include any tax increases. Californians are divided (46% yes, 49% no) about whether tax increases should be included in the plan; 56 percent opposed tax increases in the plan in January. Today, half of likely voters (51%) say taxes should not be included in the plan; 55 percent opposed tax increases in January. Most Democrats (56%) and independents (57%) say taxes should be included and most Republicans (71%) say they should not. Men (47% yes, 50% no) and women (45% yes, 48% no) are similarly divided on including tax increases. Support declines as age increases.

### "Do you think that tax increases should be included in the governor's budget plan?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
<b>Yes</b>	46%	56%	26%	57%	46%
<b>No</b>	49	40	71	36	51
<b>Don't know</b>	5	4	3	7	3

Eight in 10 Californians are concerned about the effects of spending reductions in the governor's budget plan, with 40 percent saying they are very concerned. Concern has increased slightly since January (34% very, 39% somewhat concerned). Across parties, more than two in three are at least somewhat concerned, but Democrats are more likely than independents and Republicans to be very concerned. About four in 10 Latinos, whites, men, and women are very concerned. The percentage who are very concerned declines somewhat as income increases.

### "Overall, how concerned are you about the effects of the spending reductions in the governor's budget plan?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
<b>Very concerned</b>	40%	48%	31%	42%	41%
<b>Somewhat concerned</b>	40	40	37	44	38
<b>Not too concerned</b>	9	7	14	9	10
<b>Not at all concerned</b>	8	3	14	4	9
<b>Don't know</b>	3	2	4	1	2

After being read a brief description of the governor's budget proposal (see question 37 on p. 31), 46 percent of Californians and 47 percent of likely voters say they are satisfied with the plan, while about four in 10 in each group are dissatisfied (43% adults, 40% likely voters). After the release of the original budget proposal in January, 55 percent of Californians and 56 percent of likely voters were satisfied. Today, a majority of Republicans (55%) are satisfied, 53 percent of Democrats are dissatisfied, and independents are more satisfied (47%) than dissatisfied (45%). Forty-six percent of Latinos and 47 percent of whites express satisfaction, and younger residents are much more likely to be satisfied (53%) than those age 35 and older (42%).

## FISCAL AND GOVERNANCE REFORMS

In March, Assembly Speaker John Pérez and Senate President pro Tem Darrell Steinberg announced that the legislature was considering a package of reform principles developed by California Forward, a nonpartisan group working to improve government. Legislative leaders recently held public forums around the state to gather input. In our survey, Californians were asked about eight fiscal and governance reform ideas, some of which are part of the package, and with others having been considered in the past.

More than three in four Californians say it is a good idea to adopt pay-as-you-go budgeting, requiring that any new programs, expanded programs, or tax reductions identify a specific funding source. A similarly high percentage believe it is a good idea for the governor and state legislature to develop a two-year spending plan along with a five-year fiscal forecast before approving the annual state budget. Three in four believe it is a good idea to require legislators to forfeit their pay and per-day allowance when the state budget is late. Three in four Californians also say it is a good idea to increase the size of the state’s rainy day fund and to require that above-average revenues be deposited into this fund for use during economic downturns.

**“Fiscal and governance reforms have been proposed to address the structural issues in the state budget. For each of the following, please say whether you think the proposal is a good idea or a bad idea. How about...?”\***

	Pay-as-you-go budgeting	Two-year spending plan	Legislators forfeit pay when budget is late	Increase size of state’s rainy day fund
<b>Good idea</b>	78%	77%	75%	74%
<b>Bad idea</b>	14	16	19	18
<b>Don’t know</b>	8	7	6	8

\*For complete text of questions, see p. 32.

Among likely voters, more than eight in 10 say it is a good idea to require pay-as-you-go budgeting and a two-year spending plan; similar numbers also say that legislators should forfeit pay when the budget is late. Seventy-six percent of likely voters favor increasing the size of the rainy day fund. More than seven in 10 voters across parties and solid majorities across demographic groups favor each of these ideas. The percentage saying it is a good idea to require legislators to forfeit their pay when the budget is late rises as age increases. Latinos are much less likely than whites to say it is a good idea to require a two-year spending plan or to require legislators to forfeit pay when the budget is late.

Percent saying good idea		Pay-as-you-go budgeting	Two-year spending plan	Legislators forfeit pay when budget is late	Increase size of state’s rainy day fund
<b>All adults</b>		78%	77%	75%	74%
<b>Party</b>	<b>Democrats</b>	77	76	76	74
	<b>Republicans</b>	84	83	84	71
	<b>Independents</b>	84	79	80	79
<b>Age</b>	<b>18–34</b>	76	72	67	74
	<b>35–54</b>	80	78	78	77
	<b>55 and older</b>	79	80	82	71
<b>Race/Ethnicity</b>	<b>Latinos</b>	75	68	59	76
	<b>Whites</b>	81	81	84	74
<b>Gender</b>	<b>Men</b>	78	77	77	77
	<b>Women</b>	79	77	74	71
<b>Likely voters</b>		83	82	83	76

**FISCAL AND GOVERNANCE REFORMS (CONTINUED)**

Another proposal, not currently under discussion, would strictly limit the amount of money that state spending could increase each year; seven in 10 Californians believe this is a good idea. A proposal that is currently under consideration would raise the vote requirement to pass any new fees that replace tax revenue from a simple majority to a two-thirds vote; 56 percent say this is a good idea. Legislators are also considering a proposal to lower the vote requirement to pass a state budget from two-thirds to a simple majority vote, while keeping the two-thirds vote for passing state taxes; 51 percent of Californians say this is a good idea. By comparison, when asked about lowering the vote threshold required to pass both the state budget and state taxes from two-thirds to a simple majority, Californians are slightly less supportive (47% good idea, 45% bad idea); this proposal is not currently under discussion by legislators.

**“Fiscal and governance reforms have been proposed to address the structural issues in the state budget. For each of the following, please say whether you think the proposal is a good idea or a bad idea. How about...?”\***

	Strictly limit annual spending increase	2/3 vote for fees that replace tax revenue	Simple majority for budget, 2/3 for taxes	Simple majority for budget and taxes
<b>Good idea</b>	71%	56%	51%	47%
<b>Bad idea</b>	23	34	38	45
<b>Don't know</b>	6	10	11	8

\*For complete text of questions, see p. 32.

Seventy-two percent of likely voters and majorities across parties and demographic groups think it is a good idea to strictly limit the amount that state spending could increase each year; Republicans and independents are much more likely than Democrats, and whites more likely than Latinos, to hold this view. Raising the vote requirement to pass new fees that replace tax revenue is considered a good idea by majorities of likely voters (57%), Republicans (64%), and independents (62%), but not Democrats (47%).

What about relaxing the vote requirement to pass a state budget? Half of likely voters (51%) think it is a good idea to lower the vote for the budget and keep the two-thirds vote for taxes. Fewer (44%) support the idea of lowering the vote required to pass both the budget and taxes. Nearly six in 10 Democrats and half of independents favor both ideas. Republicans are more likely to favor relaxing the rule for the budget (41%) than for budget and taxes (28%).

<i>Percent saying good idea</i>	Strictly limit annual spending increase	2/3 vote for fees that replace tax revenue	Simple majority for budget, 2/3 for taxes	Simple majority for budget and taxes	
<b>All adults</b>	71%	56%	51%	47%	
<b>Party</b>	<b>Democrats</b>	65	47	59	57
	<b>Republicans</b>	77	64	41	28
	<b>Independents</b>	79	62	51	50
<b>Age</b>	<b>18-34</b>	73	52	50	49
	<b>35-54</b>	73	59	52	49
	<b>55 and older</b>	65	56	49	42
<b>Race/Ethnicity</b>	<b>Latinos</b>	66	57	54	56
	<b>Whites</b>	71	54	49	42
<b>Gender</b>	<b>Men</b>	69	60	52	47
	<b>Women</b>	72	53	49	47
<b>Likely voters</b>	72	57	51	44	

# REGIONAL MAP

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# METHODOLOGY

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The PPIC Statewide Survey is directed by Mark Baldassare, president and CEO and survey director at the Public Policy Institute of California, with assistance from Dean Bonner, project manager for this survey, and survey research associates Sonja Petek and Nicole Willcoxon. The *Californians and Their Government* series is supported with funding from The James Irvine Foundation. We benefit from discussions with PPIC staff, foundation staff, and other policy experts; however, the methods, questions, and content of this report were solely determined by Mark Baldassare and the survey staff.

Findings in this report are based on a survey of 2,003 California adult residents, reached on landline telephones and cell phones. Interviewing took place on weekday nights and weekend days between May 9 and 16, 2010. Interviews took an average of 19 minutes to complete.

Landline interviews were conducted using a computer-generated random sample of telephone numbers that ensured that both listed and unlisted numbers were called. All landline telephone exchanges in California were eligible for selection and the sample telephone numbers were called as many as six times to increase the likelihood of reaching eligible households. Once a household was reached, an adult respondent (age 18 or older) was randomly chosen for interviewing using the “last birthday method” to avoid biases in age and gender. A total of 201 cell phone interviews were included in this survey to account for the growing number of Californians who use them. These interviews were conducted using a computer-generated random sample of cell phone numbers. All cell phone numbers with California area codes were eligible for selection and the sample telephone numbers were called as many as eight times to increase the likelihood of reaching an eligible respondent. Once a cell phone user was reached, it was verified that this person was age 18 or older, a resident of California, and in a safe place to continue the survey (e.g., not driving). Cell phone respondents were offered a small reimbursement to help defray the potential cost of the call. Cell phone interviews were conducted with adults who have cell phone service only and with those who have both cell phone and landline service in the household.

Landline and cell phone interviewing was conducted in English and Spanish according to respondents’ preferences. Accent on Languages, Inc. translated the survey into Spanish, with assistance from Renatta DeFever. Abt SRBI Inc. conducted the telephone interviewing.

With assistance from Abt SRBI we used recent U.S. Census and state figures to compare the demographic characteristics of the survey sample with characteristics of California’s adult population. The survey sample was closely comparable to the census and state figures. Abt SRBI used data from the 2008 National Health Interview Survey and data from the 2005–2007 American Community Survey for California, both to estimate landline and cell phone service in California and to compare it against landline and cell phone service reported in the survey. The survey data in this report were statistically weighted to account for any differences in demographics and telephone service.

The sampling error for the total of 2,003 adults is  $\pm 2$  percent at the 95 percent confidence level. This means that 95 times out of 100, the results will be within 2 percentage points of what they would be if all adults in California were interviewed. The sampling error for subgroups is larger: For the 1,598 registered voters, it is  $\pm 2.5$  percent; for the 1,168 likely voters, it is  $\pm 3$  percent; for the 411 Republican primary likely voters, who were asked questions about Republican primary candidates, it is  $\pm 5$  percent; for the 829 adults interviewed after the governor released his budget proposal May 14, it is  $\pm 3.5$  percent. Sampling error is only one type of error to which surveys are subject. Results may also be affected by factors such as question wording, question order, and survey timing.

We present results for four geographic regions, accounting for approximately 90 percent of the state population. “Central Valley” includes Butte, Colusa, El Dorado, Fresno, Glenn, Kern, Kings, Madera, Merced, Placer, Sacramento, San Joaquin, Shasta, Stanislaus, Sutter, Tehama, Tulare, Yolo, and Yuba Counties. “San Francisco Bay Area” includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties. “Los Angeles” refers to Los Angeles County, and “Other Southern California” includes Orange, Riverside, San Bernardino, and San Diego Counties. Residents from other geographic areas are included in the results reported for all adults, registered voters, and likely voters, but sample sizes for these less populated areas are not large enough to report separately.

We present specific results for Latinos because they account for about 30 percent of the state’s adult population and constitute one of the fastest growing voter groups. Sample sizes for African Americans and Asian Americans are not large enough for separate analysis. We compare the opinions of registered Democrats, Republicans, and independents (those who are registered as “decline to state”). We also include the responses of “likely voters”—those who are most likely to vote in the state’s elections based on their responses to survey questions on past voting, current interest in politics, and voting intentions.

We compare current PPIC Statewide Survey results to those in our earlier surveys and to those in national surveys by NBC News/*Wall Street Journal* and by the Pew Research Center.

# QUESTIONNAIRE AND RESULTS

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## CALIFORNIANS AND THEIR GOVERNMENT

May 9–16, 2010

2,003 California Adult Residents:  
English, Spanish

MARGIN OF ERROR  $\pm 2\%$  AT 95% CONFIDENCE LEVEL FOR TOTAL SAMPLE

1. First, thinking about the state as a whole, what do you think is the most important issue facing people in California today?  
*[code, don't read]*
  - 53% jobs, economy
  - 15 state budget, deficit, taxes
  - 10 education, schools
  - 9 immigration, illegal immigration
  - 3 health care, health costs
  - 8 other
  - 2 don't know
2. Overall, do you approve or disapprove of the way that Arnold Schwarzenegger is handling his job as governor of California?
  - 23% approve
  - 65 disapprove
  - 12 don't know
3. Overall, do you approve or disapprove of the way that the California Legislature is handling its job?
  - 16% approve
  - 72 disapprove
  - 12 don't know
4. Do you think that Governor Schwarzenegger and the state legislature will be able to work together and accomplish a lot this year, or not?
  - 19% yes, will be able to work together
  - 73 no, will not be able to work together
  - 8 don't know
5. Do you think things in California are generally going in the right direction or the wrong direction?
  - 18% right direction
  - 77 wrong direction
  - 5 don't know
6. Turning to economic conditions in California, do you think that during the next 12 months we will have good times financially or bad times?
  - 28% good times
  - 65 bad times
  - 7 don't know
7. Would you say that California is in an economic recession, or not? (*if yes: Do you think it is in a serious, a moderate, or a mild recession?*)
  - 55% yes, serious recession
  - 28 yes, moderate recession
  - 7 yes, mild recession
  - 9 no
  - 1 don't know
8. Next, some people are registered to vote and others are not. Are you absolutely certain that you are registered to vote in California?
  - 80% yes *[ask q8a]*
  - 19 no *[skip to q9b]*
  - 1 don't know *[skip to q9b]*



8a. Are you registered as a Democrat, a Republican, another party, or as an independent?

- 45% Democrat *[ask q9]*
- 31 Republican *[skip to q9a]*
- 2 another party *(specify) [skip to q11]*
- 22 independent *[skip to q9b]*

9. Would you call yourself a strong Democrat or not a very strong Democrat?

- 52% strong
- 45 not very strong
- 3 don't know

***[skip to q11]***

9a. Would you call yourself a strong Republican or not a very strong Republican?

- 50% strong
- 46 not very strong
- 4 don't know

***[skip to q10]***

9b. Do you think of yourself as closer to the Republican Party or Democratic Party?

- 23% Republican Party
- 43 Democratic Party
- 26 neither *(volunteered)*
- 8 don't know

***[responses recorded for questions 9c to 20 are for likely voters]***

***[if q8a=independent, ask q9c, if q8a=Republican, skip to q10, otherwise skip to q21]***

9c. California voters like you will be able to choose between voting in the Republican primary, the Democratic primary, or selecting a nonpartisan ballot on June 8th. All three ballots include state proposition measures. Do you plan to vote in the Republican primary, the Democratic primary, or on the nonpartisan ballot?

- 12% Republican primary *[ask q10]*
- 20 Democratic primary *[skip to q11]*
- 51 nonpartisan ballot *[skip to q11]*
- 17 don't know *[skip to q11]*

10. If the Republican primary for governor were being held today, and these were the candidates, who would you vote for? ***[rotate names and then ask "or someone else"]***

- 38% Meg Whitman, businesswoman
- 29 Steve Poizner, businessman
- 2 someone else *(specify)*
- 31 don't know

If these were the candidates in the November 2010 governor's election....

***[rotate questions 11 and 12]***

11. Would you vote for...***[rotate names]***

- 45% Jerry Brown, the Democrat, attorney general of California
- 32 Steve Poizner, the Republican, businessman
- 23 don't know

12. Would you vote for...***[rotate names]***

- 42% Jerry Brown, the Democrat, attorney general of California
- 37 Meg Whitman, the Republican, businesswoman
- 21 don't know

13. How closely are you following news about candidates for the 2010 governor's election?

- 21% very closely
- 46 fairly closely
- 27 not too closely
- 6 not at all closely

***[if q8a=Republican or q9c=Republican primary, ask q14, otherwise skip to q15]***

14. If the Republican primary for U.S. senator were being held today, and these were the candidates, who would you vote for? ***[rotate names and then ask "or someone else"]***

- 25% Carly Fiorina, business executive
- 23 Tom Campbell, economist/business educator
- 16 Chuck DeVore, assemblyman/military reservist
- 36 don't know

If these were the candidates in the November 2010 U.S. senator's election...

**[rotate questions 15 to 17]**

15. Would you vote for...**[rotate names]**

- 46% Barbara Boxer, the Democrat, United States senator
- 40 Tom Campbell, the Republican, economist/business educator
- 14 don't know

16. Would you vote for...**[rotate names]**

- 50% Barbara Boxer, the Democrat, United States senator
- 39 Chuck DeVore, the Republican, assemblyman/military reservist
- 11 don't know

17. Would you vote for...**[rotate names]**

- 48% Barbara Boxer, the Democrat, United States senator
- 39 Carly Fiorina, the Republican, business executive
- 13 don't know

18. Changing topics, Proposition 14 is called "Elections. Increases Right to Participate in Primary Elections." It changes the primary election process for congressional, statewide, and legislative races, allows all voters to choose any candidate regardless of the candidate's or voter's political party preference, and ensures that the two candidates receiving the greatest number of votes will appear on the general election ballot regardless of party preference. Fiscal Impact includes no significant net change in state and local government costs to administer elections. If the election were held today, would you vote yes or no on Proposition 14?

- 60% yes
- 27 no
- 13 don't know

19. How important is the issue of allowing voters to select any candidate, regardless of party, in California's primaries? Is this issue very important, somewhat important, not too important, or not at all important to you?

- 51% very important
- 30 somewhat important
- 10 not too important
- 7 not at all important
- 2 don't know

20. Do you think the primary system in California is in need of major changes, minor changes, or is it fine the way it is?

- 36% major changes
- 35 minor changes
- 23 fine the way it is
- 6 don't know

21. Next, would you say that the supply of water is a big problem, somewhat of a problem, or not much of a problem in your part of California?

- 42% big problem
- 27 somewhat of a problem
- 29 not much of a problem
- 2 don't know

22. The governor and legislature passed a water package that includes water conservation requirements and plans for new water storage systems, water clean-up and recycling, and a council to oversee restoration of the Sacramento-San Joaquin Delta. This package includes an \$11.1 billion bond measure on the November ballot to pay for water projects. How important is it that voters pass the bond measure?

- 42% very important
- 28 somewhat important
- 9 not too important
- 11 not at all important
- 10 don't know

**[rotate questions 23 and 24]**

23. A November ballot initiative is titled, “Changes California Law to Legalize Marijuana and Allow It to Be Regulated and Taxed.” In general, do you think the use of marijuana should be made legal, or not?

- 48% yes, legal
- 49 no, illegal
- 3 don't know

24. Regardless of what you think about the personal non-medical uses of marijuana, do you think adults should be allowed to legally use marijuana for medical purposes if their doctors prescribe it or do you think that marijuana should be illegal even for medical purposes?

- 76% should be allowed for medical purposes
- 22 should be illegal even for medical purposes
- 2 don't know

25. On another topic, do you think the state budget situation in California—that is, the balance between government spending and revenues—is a big problem, somewhat of a problem, or not a problem for the people of California today?

- 81% big problem
- 15 somewhat of a problem
- 1 not a problem
- 3 don't know

26. As you may know, the state government currently has an annual budget of around \$85 billion and faces a multibillion-dollar gap between spending and revenues. How would you prefer to deal with the state's budget gap—mostly through spending cuts, mostly through tax increases, through a mix of spending cuts and tax increases, or do you think that it is okay for the state to borrow money and run a budget deficit?

- 39% mostly through spending cuts
- 7 mostly through tax increases
- 42 through a mix of spending cuts and tax increases
- 6 okay to borrow money and run a budget deficit
- 2 other answer (*specify*)
- 4 don't know

27. When it comes to the tough choices involved in the state budget, both in deciding how much Californians should pay in taxes and how to fund state programs, whose approach do you most prefer: **[rotate]** (1) Governor Schwarzenegger's, (2) the Democrats' in the legislature, **[or]** (3) the Republicans' in the legislature?

- 35% Democrats' approach
- 25 Republicans' approach
- 11 Governor Schwarzenegger's
- 1 other answer (*specify*)
- 10 none (*volunteered*)
- 18 don't know

28. Some of the largest areas for state spending are: **[rotate]** (1) K–12 public education, (2) higher education, (3) health and human services, **[and]** (4) prisons and corrections. Thinking about these four areas of state spending, I'd like you to name the one you most want to protect from spending cuts.

- 56% K–12 public education
- 17 higher education
- 17 health and human services
- 7 prisons and corrections
- 3 don't know

Tax increases could be used to help reduce the state budget deficit. For each of the following, please indicate whether you would be willing to pay higher taxes for this purpose, or not.

**[rotate questions 29 to 32]**

29. What if the state said it needed more money just to maintain current funding for K–12 public education? Would you be willing to pay higher taxes for this purpose, or not?

- 69% yes
- 29 no
- 2 don't know

30. What if the state said it needed more money just to maintain current funding for higher education? Would you be willing to pay higher taxes for this purpose, or not?

- 54% yes
- 43 no
- 3 don't know

31. What if the state said it needed more money just to maintain current funding for health and human services? Would you be willing to pay higher taxes for this purpose, or not?

- 54% yes
- 43 no
- 3 don't know

32. What if the state said it needed more money just to maintain current funding for prisons and corrections? Would you be willing to pay higher taxes for this purpose, or not?

- 18% yes
- 79 no
- 3 don't know

Tax and fee increases could be used to help reduce the state's large gap between spending and revenues. For each of the following, please say if you favor or oppose the proposal.

**[rotate questions 33 to 36]**

33. How about raising the state taxes paid by California corporations?

- 58% favor
- 39 oppose
- 3 don't know

34. How about raising the top rate of the state income tax paid by the wealthiest Californians?

- 67% favor
- 30 oppose
- 3 don't know

35. How about increasing the vehicle license fee?

- 28% favor
- 69 oppose
- 3 don't know

36. How about extending the state sales tax to services that are not currently taxed?

- 35% favor
- 58 oppose
- 7 don't know

**[questions 37 to 37b asked starting May 14]**

37. Recently, Governor Schwarzenegger proposed a budget plan for the next fiscal year to close the state's \$19 billion budget deficit. It includes spending cuts in health and human services, including the elimination of CalWORKS, the state's welfare-to-work program. It includes spending reductions in prisons and corrections and state employee compensation. It claims to have no spending cuts in K–12 education and increases spending on higher education. The plan includes no new taxes. In general, are you satisfied or dissatisfied with the governor's budget plan?

- 46% satisfied
- 43 dissatisfied
- 3 haven't heard anything about the budget (*volunteered*)
- 8 don't know

**[rotate questions 37a and 37b]**

37a. Do you think that tax increases should be included in the governor's budget plan?

- 46% yes
- 49 no
- 5 don't know

37b. Overall, how concerned are you about the effects of the spending reductions in the governor's budget plan?

- 40% very concerned
- 40 somewhat concerned
- 9 not too concerned
- 8 not at all concerned
- 3 don't know

Fiscal and governance reforms have been proposed to address the structural issues in the state budget. For each of the following, please say whether you think the proposal is a good idea or a bad idea.

**[rotate questions 38 to 43, keeping 40 and 40a as a rotated block]**

38. How about requiring the governor and legislature to have a two-year spending plan along with a five-year fiscal forecast before approving the annual state budget?

- 77% good idea
- 16 bad idea
- 7 don't know

39. How about requiring that any major new programs, expanded programs, or tax reductions identify a specific funding source?

- 78% good idea
- 14 bad idea
- 8 don't know

40. How about lowering the vote requirement to pass a state budget from a two-thirds vote to a simple majority or 50-percent-plus-one vote while keeping the two-thirds vote requirement for passing state taxes?

- 51% good idea
- 38 bad idea
- 11 don't know

40a. How about lowering the vote requirement to pass a state budget and state taxes from a two-thirds vote to a simple majority or 50-percent-plus-one vote?

- 47% good idea
- 45 bad idea
- 8 don't know

40b. How about raising the vote requirement to pass any new fees that replace tax revenue from a simple majority or 50-percent-plus-one vote to a two-thirds vote?

- 56% good idea
- 34 bad idea
- 10 don't know

41. How about requiring that the members of the state legislature forfeit their pay and per-day allowance when the state budget is late?

- 75% good idea
- 19 bad idea
- 6 don't know

42. How about increasing the size of the state's rainy day fund and requiring above-average revenues to be deposited into it for use during economic downturns?

- 74% good idea
- 18 bad idea
- 8 don't know

43. How about strictly limiting the amount of money that state spending could increase each year?

- 71% good idea
- 23 bad idea
- 6 don't know

44. On another topic, overall, do you approve or disapprove of the way that Barack Obama is handling his job as president of the United States?

- 59% approve
- 37 disapprove
- 4 don't know

**[rotate questions 45 and 46]**

45. Overall, do you approve or disapprove of the way that Dianne Feinstein is handling her job as U.S. senator?

50% approve  
35 disapprove  
15 don't know

46. Overall, do you approve or disapprove of the way that Barbara Boxer is handling her job as U.S. senator?

50% approve  
38 disapprove  
12 don't know

47. Overall, do you approve or disapprove of the way the U.S. Congress is handling its job?

31% approve  
61 disapprove  
8 don't know

48. Next, would you consider yourself to be politically: **[read list, rotate order top to bottom]**

8% very liberal  
22 somewhat liberal  
32 middle-of-the-road  
24 somewhat conservative  
12 very conservative  
2 don't know

49. Generally speaking, how much interest would you say you have in politics?

24% great deal  
41 fair amount  
29 only a little  
6 none

**[d1 to d18: demographic questions]**

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# THE FIELD POLL

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THE CALIFORNIA POLL BY MERVIN FIELD

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**STATE BALLOT PROPOSITIONS:**  
**MARIJUANA LEGALIZATION NARROWLY  
OPPOSED. LARGE MAJORITY FAVORS  
CHANGING VOTE NEEDED TO PASS STATE  
BUDGET. PLURALITIES OPPOSE  
SUSPENDING AB32, FAVOR WATER BONDS.**

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By Mark DiCamillo and Mervin Field

The latest *Field Poll* finds likely voters are lining up against Proposition 19, the marijuana legalization initiative, by a narrow 48% to 44% margin. Voters are also opposing Prop. 23, the initiative to suspend AB32, California's greenhouse gas reduction law 48% to 36%.

By a 65% to 20% margin voters are strongly supporting Prop. 25 which calls for requiring only a majority vote to approve the state budget while retaining a two-thirds vote to increase taxes. Prop. 18, the \$11.1 billion state bond measure to fund water supply and protection facilities, is supported by a 42% to 32% plurality.

In its most recent statewide survey *The Field Poll* measured current voter awareness and sentiment toward four of the ten propositions slated to appear on California's November general election ballot. The survey was conducted June 22-July 5 among 1,005 likely voters in California's upcoming November general election. To enable the poll to more closely examine the preferences of the state's racial/ethnic voter populations, the survey was conducted in six languages and dialects – English, Spanish, Cantonese, Mandarin, Korean and Vietnamese.

### **Voter awareness of four statewide ballot propositions varies widely**

Voter awareness of the four ballot measures varies widely. Best known is Prop. 19, the marijuana legalization initiative. Greater than three in four likely voters (77%) report some familiarity with this measure. A majority of voters (56%) has also heard of Prop. 25, the measure to change the vote requirement needed to pass the state budget. Fewer have heard of two other propositions, with 39% aware of Prop. 23 to suspend AB 32, the state's greenhouse gas reduction law, and just 24% familiar with Prop. 18 relating to state water bonds.

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**Table 1**  
**Voter awareness of four statewide ballot propositions**  
**on California's November general election ballot**  
**(among likely voters)**

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	<b>Have seen, heard</b>	<b>Haven't seen or heard</b>
Prop. 19 (Marijuana Legalization)	77%	23
Prop. 25 (Majority Vote for State Budget / 2/3 Vote for Tax Increases)	56%	44
Prop. 23 (Suspends State's Greenhouse Gas Reduction Law)	39%	61
Prop. 18 (Water Bonds)	24%	76

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### **Prop. 19 (Marijuana Legalization)**

Voter sentiment on Prop. 19 is closely divided, with more voters now opposing it (48%) than in favor (44%). Prop. 19 would allow people 21 years or older to possess, cultivate or transport marijuana for personal use and permit local governments to regulate and tax its commercial production and sales.

The three-fourths majority of voters who had some awareness of the measure prior to being surveyed are narrowly favoring its passage – 48% to 44%. However, Prop. 19 is opposed nearly two-to-one among the 23% of voters who had no prior awareness of the initiative.

There are large partisan differences in voting preferences on Prop. 19. While Democrats are backing it 53% to 38%, a two-to-one majority of Republicans (63% to 31%) are opposed. Non-partisans are evenly divided 46% to 46%.

There is majority support for Prop. 19's passage (53% Yes vs. 38% No) among voters in the nine-county San Francisco Bay Area. Los Angeles County voters are about evenly divided (46% Yes vs. 47% No). However, in all other regions of the state sentiment is running against Prop. 19 by margins ranging from six to eighteen percentage points.

Men are split on the measure (48% Yes vs. 47% No), while women are on the No side 50% to 41%.

A small plurality of white non-Hispanics (48% to 43%) favors Prop. 19's passage. However, each of the racial/ethnic subgroups measured in the survey – Latinos, African-Americans and Asian-Americans – are opposed to Prop. 19 by double-digit margins.

Voters age 18 – 29 are supporting the marijuana initiative 52% to 39%. However, the survey finds that there are significant preference differences between younger voters who are white non-Hispanic and ethnic voters. While younger white non-Hispanic voters favor the initiative 53% to 35, younger ethnic voters oppose it five to four (52% to 45%).

Voters between ages 30-64 are generally divided in their preferences. However, voters age 65 and older are opposing the initiative by a big margin (57% to 33%).

**Table 2**  
**Voter preferences regarding Proposition 19,**  
**the marijuana legalization initiative**  
**(among likely voters)**

	<u>Would vote...</u>		
	<u>Yes</u>	<u>No</u>	<u>Undecided</u>
<b>Total statewide</b>	<b>44%</b>	<b>48</b>	<b>8</b>
<u>Voter awareness of Prop. 19</u>			
(.77) Have seen or heard	48%	44	8
(.23) Haven't seen or heard	32%	61	7
<u>Party registration</u>			
(.44) Democrats	53%	38	9
(.34) Republicans	31%	63	6
(.22) Non-partisans/others	46%	46	8
<u>Region</u>			
(.25) Los Angeles County	46%	47	7
(.18) San Diego/Orange	39%	54	7
(.14) Other Southern California	46%	52	2
(.16) Central Valley	36%	54	10
(.21) San Francisco Bay Area	53%	38	9
(.06) Other Northern California*	37%	49	14
<u>Gender</u>			
(.48) Male	48%	47	5
(.52) Female	41%	50	9
<u>Age</u>			
(.16) 18 – 29	52%	39	9
(.13) 30 – 39	46%	47	7
(.20) 40 – 49	45%	50	5
(.27) 50 – 64	48%	46	6
(.24) 65 or older	33%	57	10
<u>Race/ethnicity</u>			
(.69) White non-Hispanic	48%	43	9
(.18) Latino	36%	62	2
(.06) African-American	40%	52	8
(.07) Asian-American/other	33%	62	11
<u>Age/ethnicity</u>			
(.16) 18 – 39 White non-Hispanic	53%	35	12
(.34) 40 – 64 White non-Hispanic	51%	43	6
(.19) 65 or older White non-Hispanic	37%	52	11
(.13) 18 – 39 Ethnic voter	45%	52	3
(.13) 40 – 64 Ethnic voter	33%	61	6
(.05) 65 or older Ethnic voter	16%	81	3

\* Small sample size.

**Prop. 25 (Majority Vote for State Budget/Retain a 2/3 Vote for Tax Increases)**

A greater three-to-one majority of voters (65% to 20%) favors Prop. 25. This proposition calls for reducing the vote needed in the state legislature to pass a budget from a two-thirds majority to a simple (50% plus one) majority, while retaining a two-thirds vote to increase taxes.

The survey finds that majorities of Democrats, Republicans, non-partisans, conservatives, middle-of-the-roaders and liberals are currently supporting Prop. 25. There is also little difference in voter sentiments between those who had some prior awareness of the measure and those who did not.

**Table 3**  
**Voter preferences toward Proposition 25,**  
**changing the vote required to pass the state budget from 2/3 to a**  
**simple majority, while retaining 2/3 vote to approve tax increases**  
**(among likely voters)**

	<u>Would vote...</u>		
	<b>Yes</b>	<b>No</b>	<b>Undecided</b>
<b>Total statewide</b>	<b>65%</b>	<b>20</b>	<b>15</b>
<u>Awareness of Prop. 25</u>			
(.56) Have seen or heard	65%	23	12
(.44) Haven't seen or heard	65%	18	17
<u>Party registration</u>			
(.44) Democrats	73%	15	12
(.34) Republicans	58%	25	17
(.22) Non-partisans/others	58%	25	17
<u>Political ideology</u>			
(.35) Conservative	55%	29	16
(.39) Middle-of-the-road	72%	14	14
(.26) Liberal	68%	19	13

**Prop. 23 (Suspends State's Greenhouse Gas Reduction Law)**

The Field Poll also tested voter sentiment toward Prop. 23, the initiative to suspend the state's greenhouse gas reduction law, AB32. The survey finds a plurality of voters (48% to 36%) are initially lining up against it.

Among the 39% of voters who had some awareness of Prop. 23 prior to being surveyed, opinions are about evenly divided (44% Yes vs. 45% No). However, voters who reported having no previous awareness of the initiative are lining up against it 50% to 31% when read a summary of its official description.

Democrats and non-partisans are most opposed to the initiative, while Republicans are in favor.

Pluralities of Republicans, voters age 30-39, those with no more than a high school education and African-Americans favor Prop. 23.

**Table 4**  
**Voter preferences toward Proposition 23 to suspend AB32,**  
**the state law that requires reduced greenhouse gas emissions**  
**(among likely voters)**

	<u>Would vote...</u>		
	<b>Yes</b>	<b>No</b>	<b>Undecided</b>
<b>Total statewide</b>	<b>36%</b>	<b>48</b>	<b>16</b>
<u>Voter awareness of Prop. 23</u>			
(.39) Have seen or heard	44%	45	11
(.61) Haven't seen or heard	31%	50	19
<u>Party registration</u>			
(.44) Democrats	31%	57	12
(.34) Republicans	47%	33	20
(.22) Non-partisans/others	29%	53	18
<u>Region</u>			
(.25) Los Angeles County	37%	44	19
(.18) San Diego/Orange	43%	43	14
(.14) Other Southern California	32%	50	18
(.16) Central Valley	42%	42	16
(.21) San Francisco Bay Area	30%	58	12
(.06) Other Northern California*	23%	62	15
<u>Gender</u>			
(.48) Male	39%	51	10
(.52) Female	33%	46	21
<u>Age</u>			
(.16) 18 – 29	33%	56	11
(.13) 30 – 39	46%	40	14
(.20) 40 – 49	38%	44	18
(.27) 50 – 64	31%	52	17
(.24) 65 or older	35%	47	18
<u>Race/ethnicity</u>			
(.69) White non-Hispanic	33%	51	16
(.17) Latino	42%	45	13
(.06) African-American	43%	29	28
(.07) Asian /other	40%	43	17
<u>Education</u>			
(.20) High school or less	49%	29	22
(.34) Some college/trade school	36%	49	15
(.23) College graduate	34%	50	16
(.23) Post graduate work	26%	62	12

\* Small sample size.

**Prop. 18 (Water Bonds)**

By a 42% to 32% margin voters are supporting Prop. 18, the \$11.1 billion water bond measure.

There is strong support for Prop. 18 (57% to 33%) among the one in four voters who reported having some prior awareness of the bond proposal. However, the three-quarters of voters not aware of the proposal are much more tentative – 37% in favor, 31% opposed and 32% with no opinion.

Democrats back Prop. 18 by a greater than two to one margin. Republicans are opposed 44% to 30%.

<b>Table 5</b>			
<b>Voter preferences toward Proposition 18, \$11.1 Billion for state bonds to fund water supply and protection facilities and programs (among likely voters)</b>			
	<b><u>Would vote...</u></b>		
	<b>Yes</b>	<b>No</b>	<b>Undecided</b>
<b>Total statewide</b>	<b>42%</b>	<b>32</b>	<b>26</b>
<b><u>Awareness of Prop. 18</u></b>			
(.24) Have seen or heard	57%	33	10
(.76) Haven't seen or heard	37%	31	32
<b><u>Party registration</u></b>			
(.44) Democrats	54%	24	22
(.34) Republicans	30%	44	26
(.22) Non-partisans/others	36%	27	37
<b><u>Political ideology</u></b>			
(.35) Conservative	27%	44	29
(.39) Middle-of-the-road	49%	26	25
(.26) Liberal	51%	23	26

*(Note: Last week Governor Arnold Schwarzenegger and some legislative leaders called for removing Prop. 18 from the 2010 ballot and placing it instead on the 2012 election ballot. However, the full legislature has yet to act on this proposal.)*

## **Information About The Survey**

### **Methodological Details**

The findings in this report are based on a *Field Poll* survey completed June 22 – July 5, 2010 among a representative sample of 1,005 likely voters in California's 2010 general election. In order to cover a broad range of issues and minimize respondent fatigue, some of the propositions measured in this survey were asked of a random subsample of 365 likely voters.

Interviewing was conducted by telephone using live interviewers working from Field Research Corporation's central location telephone interviewing facilities. To enable the survey to more closely examine the preferences of California's growing ethnic voter populations, the survey was conducted in six languages and dialects – English, Spanish, Cantonese, Mandarin, Korean and Vietnamese. In addition, for questions asked of all likely voters, the main statewide sample was supplemented with additional interviews among Chinese-American, Korean-American, and Vietnamese-American likely voters.

Up to six attempts were made to reach, screen and interview each randomly selected voter on different days and times of day during the interviewing period. Likely voters were identified after interviews were completed with a random sample of California registered voters and from listings of ethnic surnames of voters targeting Chinese-Americans, Korean-Americans and Vietnamese-Americans. All samples were provided by Voter Contact Services, a leading provider of registered voter samples to the survey research industry.

Interviewing was completed on either a voter's landline phone or a cell phone depending on the source of the telephone listing from the voter file. After the completion of interviewing results from the ethnic sample augments were weighted down to bring them into alignment with their proper shares of the state's registered voter population. In addition, the overall registered voter sample was weighted to *Field Poll* estimates of the characteristics of the registered voter population in California by region, age, gender and party registration.

Sampling error estimates applicable to the results of any probability-based survey depend on sample size as well as the percentage distribution being examined. The maximum sampling error estimates for results based on the overall likely voters sample is +/- 3.2 percentage points at the 95% confidence level, while findings based on the random subsample of likely voters have a sampling error of +/- 5.5 percentage points. The maximum sampling error is based on results in the middle of the sampling distribution (i.e., percentages at or near 50%). Percentages at either end of the distribution (those closer to 10% or 90%) have a smaller margin of error. Findings from subgroups of the overall sample have somewhat larger sampling error levels. There are other potential sources of error in surveys besides sampling error. However, the overall design and execution of the survey sought to minimize these other sources of error.

*The Field Poll* was established in 1947 as *The California Poll* by Mervin Field and has operated continuously since then as an independent, non-partisan survey of California public opinion. The poll receives annual funding from media subscribers of *The Field Poll*, from several California foundations, and from the University of California and California State University systems, who receive the raw data files from each *Field Poll* survey shortly after its completion for teaching and secondary research purposes.

### **Questions Asked**

(ASKED OF ALL LIKELY VOTERS)

Have you seen, read or heard anything about a statewide ballot proposition that would change California law to legalize marijuana and allow it to be regulated and taxed?

(As you know) This proposition would allow people 21 years or older to possess, cultivate, or transport marijuana for personal use and would permit local governments to regulate and tax its commercial production and sales. It prohibits people from possessing marijuana on school grounds, using it in public or smoking it while minors are present, or providing it to anyone under 21 years old. Fiscal impact: Unknown but potentially major increase in state and local government revenues related to the production and sale of marijuana products. If the election were being held today, would you vote YES or NO on this proposition?



Have you seen, read or heard anything about a statewide ballot proposition to suspend state air pollution control and greenhouse gas emission laws until unemployment is reduced in California?

(As you know) this proposition would suspend state laws requiring reduced greenhouse gas emissions that cause global warming until California's unemployment rate drops to 5.5 percent or less for four consecutive quarters. It requires the state to abandon its comprehensive greenhouse gas reduction program that includes increased renewable energy, cleaner fuel requirements and mandatory reporting and fees for major polluters such as power plants and oil refineries until the suspension is lifted. If the election were being held today, would you vote YES or NO on this proposition?

(ASKED OF A RANDOM SUBSAMPLE OF LIKELY VOTERS)

Have you seen, read or heard anything about a statewide bond proposal to fund water supply and protection facilities and programs?

(As you know) This proposition is called the Safe, Clean and Reliable Drinking Supply Bond Act. It would authorize the issuance of eleven point one billion dollars of state bonds to fund water supply and protection facilities and programs around the Sacramento-San Joaquin Delta and elsewhere across California. If the election were being held today, would you vote YES or NO on this bond proposal?

Have you seen, read or heard anything about a statewide ballot proposition to change the legislative vote requirement to pass the state budget from a two-thirds to simple majority vote?

(As you know) this proposition changes the legislative vote requirement necessary to pass the state budget from two-thirds to a simple majority, but retains the two-thirds vote requirement for tax increases. It also requires that if the legislature fails to pass a budget bill by June 15 all legislators will forfeit their pay each day until a budget bill is passed. If the election were being held today, would you vote YES or NO on this proposition?