



It's a taxpayer **TRAP**

Prop. 90 – the Taxpayer Trap

Background and National Context

Background

Prop 90 is part of a nationwide strategy by extremist property rights activists to stop state and local governments from acting to protect the environment, workers, consumers, and other community interests. Proponents want voters to believe this is about eminent domain reform, but they've hidden a trap within the fine print of the measure that contains far-reaching provisions that would lead to huge new costs for all California taxpayers.

While Prop 90 is marketed as eliminating abusive eminent domain practices, buried within is a regulatory “takings” provision that would have a far greater impact on the efficacy of government in California. That provision would amend the California Constitution to require the taxpayers to compensate property owners for their undefined and unlimited “substantial economic losses” resulting from the adoption and application of regulations protecting the environment and other community interests.

Prop. 90 will require billions of dollars in new payouts any time a law or regulation is passed to protect our neighborhoods, limit overdevelopment, protect air and water quality, protect public access to our beaches, restrict undesirable businesses, or enact new consumer protection laws. The measure allows virtually anyone to claim that a new law or regulation has impacted the value of their property or business—no matter how far-fetched the claim—and taxpayers will be on the hook to pay the bill.

National Context

Howard Rich, a New York based multimillionaire developer and president of U.S. Term Limits, has supplied the only significant financial backing for California's Prop 90 (\$1.5 million). **However, California is only one piece of Rich's national agenda against eminent domain, an effort that now includes more than a half dozen states and millions of dollars.**

Through a web of organizations, Rich is backing eminent-domain initiatives in Arizona, Idaho, Missouri, Montana, Nevada, Oklahoma and Washington with \$4 million—though no state has received as much financial support as California. In each of these efforts, Rich himself is never disclosed as a major donor. Instead, he steers his contributions through nonprofit intermediaries, such as the Fund for Democracy, which he is using to finance California's Proposition 90 campaign.

Earlier this year, Sen. Tom McClintock, R-Thousand Oaks, the GOP nominee for lieutenant governor, tried to gather signatures to qualify his own eminent-domain measure--one that was far less sweeping than what is now Proposition 90. But McClintock's efforts failed due to a lack of funding. McClintock could only secure pledges totaling \$1 million. He credits Rich with providing the money needed to bring the issue before the voters.

Paid for by No on 90, Californians Against the Taxpayer Trap, a committee of taxpayers, educators, business, environmentalists, local government and public safety, the League of California Cities (Non-Public Funds), and Californians for Neighborhood Protection, a sponsored committee of the California League of Conservation Voters www.NoProp90.com



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Background and National Context, continued

In 1992, Rich bought the Citizens for Congressional Reform, then a leading term-limits advocacy group. He quickly reorganized the group as U.S. Term Limits, with himself as president, and heaped \$1.8 million on various state term-limit campaigns by the end of the year, according to Common Cause.

“My interest is in restoring property rights, in term limits, and in capping state government spending at some reasonable limit,” says Rich, whose Americans for Limited Government is also sponsoring spending measures in eight states this year.

Rich calls term limits his “first love.” But since the Supreme Court’s decision last year that expanded the right of government to seize private property for public use, his focus has been on reducing government’s ability to use eminent domain.

Here’s what his network of political committees and nonprofits have done:

- In **Missouri**, Rich donated more than \$1.3 million to gather signatures for two measures, one of which would limit government spending, the other to limit eminent domain, through Americans for Limited Government. But both measures were tossed from the ballot by the secretary of state, though a pending lawsuit is challenging that decision.
- In **Arizona**, the Rich-run Americans for Limited Government has contributed \$650,000 to qualify an eminent-domain measure.
- In **Idaho**, Rich’s Fund for Democracy, the same nonprofit that donated in California, contributed \$237,000 to help qualify an eminent-domain initiative.
- In **Nevada**, the eminent-domain effort, titled PISTOL, or the People’s Initiative to Stop the Taking of Our Land, lists only a single endorsement on its Web site: Americans for Limited Government. The campaign’s most recent filings do not list a Rich-backed organization as a donor.
- In **Washington**, an eminent-domain measure that qualified for the fall ballot this week has received \$200,000 from Americans for Limited Government.
- In **Oklahoma**, Americans for Limited Government contributed \$55,000 to a group called Oklahomans in Action that pushed for an eminent-domain initiative, though the state’s supreme court struck down the measure last month because it dealt with multiple subjects, a violation of the state constitution.
- In **Montana**, a group with a near-identical name, Montanans in Action, has qualified a trio of measures for the fall ballot, including one limiting eminent domain. Americans for Limited Government gave the group a \$25,000 loan, according to newspaper reports, though the organization has refused to disclose its donors.

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