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CA Man Pushing for Voter Approval on Bonds Over \$2B.

This man is bankrolling a California ballot measure to force voter approval on big bonds. Would that kill projects like high-speed rail?

Dean Cortopassi makes no apologies for it: He's angry about government debt. And his anger explains why he was willing to go it alone and bankroll the effort to place Proposition 53 on the Nov. 8 ballot.

A wealthy Central Valley farmer and tomato cannery owner, Cortopassi contends that politicians refuse to either fully disclose or accept the long-term cost of billions of dollars in local and state government borrowing. This proposition would require any revenue bond of \$2 billion or more to be approved by California voters.

He's quick to invoke an adage he says he learned from his Italian immigrant father.

"In English, it translates into 'arithmetic is not an opinion,'" said Cortopassi, who liked the saying so much he filed a trademark for it earlier this year.

The arithmetic doesn't add up, Cortopassi argues, when it comes to how billions of dollars in government debt will be paid off. Frustrated by the red ink that flowed from the bankruptcy in his hometown of Stockton and the billions of dollars in cost overruns in the construction of a new section of the San Francisco-Oakland Bay Bridge, Cortopassi said he became convinced that there needed to be more public attention on murky government accounting.

He paid for a series of 2014 newspaper ads accusing Gov. Jerry Brown and legislators of "flim-flam" when it came to balancing the state budget. And he argues Proposition 53 is the next step toward increased transparency, by expanding the number of bond offerings that are contingent on voter approval.

Voters have approved general obligation bonds, such as the \$9-billion school bond on the Nov. 8 ballot, for generations. Proposition 53 would expand the voter approval process to revenue bonds, a kind of debt paid back over time not by general taxpayer dollars but instead with fees paid by users of the project.

Used to finance buildings, dams or other infrastructure projects, revenue bonds are generally designed with state government assuming a role somewhat akin to a broker. State officials set up the bond sale, collect user fees and then pay them to the investors who bought the bonds.

Proposition 53 would create a new mandate that would be enshrined in the state Constitution. The \$2-billion threshold would be adjusted for inflation. The ballot measure exempts local revenue bond projects, though analysts say it's possible that a large revenue bond for a joint local-state project may have to be placed on the ballot — meaning voters in, say, Eureka could be asked to approve a project in San Diego.

Cortopassi, 79, alleges revenue bonds are part of an elaborate co-mingling of funds in which money

is “skimmed” for things such as administrative costs. Absent that kind of sleight of hand, he argues, government expenses would be revealed as being much higher.

“What motivates me is that it’s a con game going on against the people of California,” he said.

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Opponents argue that Proposition 53 could stall or even squelch large infrastructure projects through misleading political campaigns or lawsuits challenging the ballot measure’s fine points. They believe that it could also raise the cost of projects if government officials decide a political campaign is too risky, and instead seek privately financed debt at a higher interest rate.

Cortopassi insists that no particular public works project inspired Proposition 53 but admits he thinks two particular proposals should have a statewide vote if they end up relying on big revenue bonds: California’s plans to build a high-speed train system and the sweeping proposal to build twin underground tunnels to transport water through the Sacramento-San Joaquin River Delta region.

“It’s not about the tunnels, it’s about debt,” he said.

Critics of the Stockton farmer, who is also a sizable delta landowner, believe that he simply wants to kill both efforts by subjecting them to contentious political campaigns.

“This seems to be an indirect way, with something that probably polled really well, to get at a couple of projects,” state Sen. Bob Hertzberg (D-Van Nuys), said during a legislative hearing about Proposition 53 earlier this year. “This is a long-term constitutional shift, and are we really solving a problem?”

It’s unclear whether either the delta water tunnels or bullet train would be stopped should Proposition 53 pass and voters be asked to ratify large revenue bonds. Still, a series of statewide public polls have shown the train project has lost significant support since 2008, when voters approved general obligation bonds as seed money.

And supporters of the delta project haven’t forgotten what happened in 1982, when voters rejected an effort at the end of Brown’s second term to build a peripheral canal around the region for sending water to Southern California.

The governor, who has helped raise more than \$15 million to defeat Proposition 53 and is the face of the opposition in a new statewide TV ad, said it’s challenging to persuade voters to take a pass on having a say in how some future big infrastructure projects will be financed.

“It’s a real burden, by one guy who’s got a beef and has enough money” for a campaign, he said in a recent interview with The Times. “We don’t know all the things it could affect.”

Brown likened the impact of Proposition 53 to how development projects are sometimes delayed or killed by threats of legal action under the landmark California Environmental Quality Act, or CEQA.

“It’s what I call CEQA on steroids, because it’s another way to block infrastructure investment,” the governor said. “This is like a gift to all the crazies.”

Cortopassi and Brown have a history, with the Stockton agribusiness owner donating money to Brown’s 2006 campaign for attorney general and the charter schools he created while mayor of Oakland. “He is very adept as a politician,” Cortopassi said.

He points to data that California voters usually approve bond measures on the ballot, and thus rejects that what he's trying to do is stop government borrowing.

"What I'm trying to force," Cortopassi said, "is truth to the surface."

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by John Myers

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