



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/11/2020

Agenda Placement: 7A

Napa County Legislative Subcommittee Board Agenda Letter

TO: Napa County Legislative Subcommittee
FROM: Molly Rattigan for Mary Booher - County Executive Officer
County Executive Office
REPORT BY: Nelson Cortez, STAFF ASSISTANT II - BOS - 7072991478
SUBJECT: Consideration of 2020 Statewide Propositions

RECOMMENDATION

County Executive Officer requests discussion and possible action on the 2020 Statewide Propositions.

EXECUTIVE SUMMARY

There are 12 statewide propositions on the November 3, 2020 California General Election ballot. In bold are propositions the CSAC Executive Committee considered taking action on. Propositions with an asterisk (*) may have impacts to Counties.

Propositions 14: Authorize bonds to continue funding stem cell and other medical research

RCRC: TBD

CSAC: No position

***Proposition 15: Increase funding for public schools, community colleges, and local government services by changing tax assessment of commercial and industry property**

RCRC: Oppose

CSAC: No position

***Proposition 16: Repeals Proposition 209 - Ban on Affirmative Action**

RCRC: Support

CSAC: Support

County Strategic Plan pillar addressed:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

There are 12 statewide propositions on the November 3, 2020 California General Election ballot. In bold are propositions the CSAC Executive Committee considered taking action on. Propositions with an asterisk (*) may have impacts to counties.

Propositions 14: Authorize bonds to continue funding stem cell and other medical research

This **initiative statute** authorizes \$5.5 billion in state general obligation bonds to fund grants from the California Institute of Regenerative Medicine to educational, non-profit, and private entities for: (1) stem cell and other medical research, therapy development, and therapy delivery; (2) medical training; and (3) construction of research facilities. Dedicates \$1.5 billion to fund research and therapy for Alzheimer's, Parkinson's, stroke, epilepsy, and other brain and central nervous system diseases and conditions. Limits bond issuance to \$540 million annually. Appropriates money from General Fund to repay bond debt, but postpones repayment for first five years.

Fiscal impact: State costs of \$7.8 billion to pay off principal (\$5.5 billion) and interest (\$2.3 billion) on the bonds, and associated average annual debt payments of about \$310 million for 25 years. The costs could be higher or lower depending on factors such as interest rate and the period of time over which the bonds are repaid. The state General Fund would pay most of the costs, with a relatively small amount of interest repaid by bond proceeds.

RCRC: TBD

CSAC: No position

***Proposition 15: Increase funding for public schools, community colleges, and local government services by changing tax assessment of commercial and industry property**

This **constitutional amendment** increases funding for K-12 public schools, community colleges, and local governments by requiring that commercial and industrial real property be taxed based on current market value. Increased education funding will supplement existing school funding guarantees.

Exempts from this change are residential properties, agricultural properties, and owners of commercial and industrial properties with combined value of \$3 million or less. The proposition also exempts small businesses from personal property tax, and for other businesses, exempts \$500,000 worth of personal property.

The estimated net increase in annual property tax revenue is \$7.5 billion to \$12 billion in most years, depending on the strength of real estate markets. After backfilling state income tax losses related to the

measure and paying for county administrative costs, the remaining estimated \$6.5 billion to \$11.5 billion would be allocated to schools (40 percent) and other local governments (60 percent).

RCRC: Oppose

CSAC: No position

***Proposition 16: Repeals Proposition 209 - Ban on Affirmative Action**

This **constitutional amendment** repeals Proposition 209, passed in 1996, from the California Constitution. Proposition 209 states that discrimination and preferential treatment are prohibited in public employment, public education, and public contracting on account of a person's or group's race, sex, color, ethnicity, or national origin. Therefore, Proposition 209 banned the use of affirmative action involving race-based or sex-based preferences in California.

By repealing Proposition 209, the state government, local governments, public universities, and other political subdivisions and public entities would—within the limits of federal law—be allowed to develop and use affirmative action programs that grant consideration and preference based on race, sex, color, ethnicity, and national origin in public employment, public education, and public contracting.

There is no direct fiscal impact on state and local entities because the measure does not require any change to current policies or programs.

RCRC: Support

CSAC: Support

***Proposition 17: Voting Rights Restoration for Persons on Parole**

This **constitutional amendment** restores voting rights to persons who have been disqualified from voting while serving a prison term for felony as soon as they complete their term. Currently, the California Constitution disqualifies people with felonies from voting until their imprisonment and parole are completed. The ballot measure would amend the state constitution to allow people with felonies who are on parole to vote; therefore, the ballot measure would keep imprisonment as a disqualification for voting but remove parole status.

Fiscal impact includes increased annual county costs, likely in the hundreds of thousands of dollars statewide, for voter registration and ballot materials. Increased one-time state costs are likely to be in the hundreds of thousands of dollars to update voter registration cards and systems.

RCRC: Oppose

CSAC: No position

***Proposition 18: Primary Voting for 17-year-olds turning 18 before the next general election**

This **constitutional amendment** permits 17-Year-olds to vote in primary and special elections if they will turn 18 by the next general election and be otherwise eligible to vote.

As of June 2020, 18 states, along with Washington, D.C., allowed 17-year-olds who will be 18 by the time of the general election to vote in primary elections.

Fiscal impact includes increased costs for counties, likely between several hundreds of thousands of dollars

and \$1 million every two years, to send and process voting materials to eligible registered 17-year-olds. In addition, there would be increased one-time costs to the state in the hundreds of thousands of dollars to update existing voter registration systems.

RCRC: No position

CSAC: No position

***Proposition 19: Property Tax Transfers, Exemptions, and Revenue for Wildfire Agencies and Counties**

This **constitutional amendment** would change the rules for tax assessment transfers. In California, eligible homeowners can transfer their tax assessments to a different home of the same or lesser market value, which allows them to move without paying higher taxes. Homeowners who are eligible for tax assessment transfers are persons over 55 years old, persons with severe disabilities, and victims of natural disasters and hazardous waste contamination.

The ballot measure would allow eligible homeowners to transfer their tax assessments anywhere within the state and allow tax assessments to be transferred to a more expensive home with an upward adjustment. The number of times that a tax assessment can be transferred would increase from one to three for persons over 55 years old or with severe disabilities (disaster and contamination victims would continue to be allowed one transfer).

Currently in California, parents or grandparents can transfer primary residential properties to their children or grandchildren without the property's tax assessment resetting to market value. Other types of properties, such as vacation homes and business properties can also be transferred from parent to child or grandparent to grandchild with the first \$1 million exempt from re-assessment when transferred.

The ballot measure would eliminate the parent-to-child and grandparent-to-grandchild exemption in cases where the child or grandchild does not use the inherited property as their principal residence, such as using a property as a rental house or a second home. When the inherited property is used as the recipient's principal residence but has a market value above \$1 million, an upward adjustment in assessed value would occur. The ballot measure would also apply these rules to certain farms. Beginning on February 16, 2023, the taxable value of an inherited principal residential property would be adjusted each year at a rate equal to the change in the California House Price Index.

The ballot measure would create the California Fire Response Fund and County Revenue Protection Fund. The ballot measure would require the California Director of Finance to calculate additional revenues and net savings resulting from the ballot measure. The California State Controller would be required to deposit 75 percent of the calculated revenue to the Fire Response Fund and 15 percent to the County Revenue Protection Fund. The County Revenue Protection Fund would be used to reimburse counties for revenue losses related to the measure's property tax changes. The Fire Response Fund would be used to fund fire suppression staffing and full-time station-based personnel.

If passed, local governments could gain tens of millions of dollars of property tax revenue per year. These gains could grow over time to a few hundred million dollars per year. Schools could gain tens of millions of dollars of property tax revenue per year. These gains could grow over time to a few hundred million dollars per year. Revenue from other taxes could increase by tens of millions of dollars per year for both the state and local governments. Most of this new state revenue would be allocated for use on fire protection measures.

RCRC: Oppose

CSAC: Oppose

***Proposition 20: Criminal Sentencing, Parole, and DNA Collection**

This **initiative statute** restricts parole for non-violent offenders and authorizes felony sentences for certain offenses currently treated only as misdemeanors. Moreover, this initiative imposes restrictions on parole programs for non-violent offenders who have completed the full term for their primary offense and expands the list of offenses that disqualify an inmate from a parole program. The initiative changes standards and requirements governing parole decisions under this program. This proposition authorizes felony charges for specified theft crimes currently chargeable only as misdemeanors, including some theft crimes where the value is between \$250 and \$950. Additionally, it requires persons convicted of specified misdemeanors to submit to collection of DNA samples for the state database.

With the passage of this measure, increased state and local correctional costs are likely in the tens of millions of dollars annually, primarily related to increases in penalties for certain theft-related crimes and the changes to the nonviolent offender release consideration process. Increased state and local court-related costs of around a few million dollars annually related to processing probation revocations and additional felony theft filings are expected. Increased state and local law enforcement costs are not likely to exceed a couple million dollars annually related to collecting and processing DNA samples from additional offenders.

RCRC: Support

CSAC: No position

***Proposition 21: Local Rent Control**

This **initiative statute** amends state law (Costa-Hawkins Rental Housing Act, 1995) to allow local governments to establish rent control on residential properties over 15 years old. It allows rent increases on rent-controlled properties of up to 15 percent over three years from previous tenant's rent above any increase allowed by a local ordinance. Exemptions include individuals who own no more than two homes from new rent-control policies. In accordance with California law, it provides that rent-control policies may not violate landlords' right to a fair financial return on their property.

Overall, a potential reduction in state and local revenues of tens of millions of dollars per year in the long term are expected. Depending on actions by local communities, revenue losses could be less or more.

RCRC: No position

CSAC: No position

Proposition 22: App-Based Drivers as Contractors and Labor Policies Initiative

This **initiative statute** would override AB 5 (2019) in changing employment classification rules for app based transportation and delivery drivers. It establishes different criteria for determining whether app-based transportation (rideshare) and delivery drivers are "employees" or "independent contractors". Independent contractors are not entitled to certain state-law protections afforded employees—including minimum wage, overtime, unemployment insurance, and workers' compensation. Instead, companies with independent-contractor drivers will be required to provide specified alternative benefits, including: minimum compensation and healthcare subsidies based on engaged driving time, vehicle insurance, safety training, and sexual harassment policies. It restricts local regulation of app-based drivers, criminalizes impersonation of such drivers and requires background checks.

Fiscal impact consists of an increase in state personal income tax revenue of an unknown amount.

RCRC: TBD

CSAC: No Position

Proposition 23: Dialysis Clinic Requirements Initiative

This **initiative statute** authorizes state regulation of kidney dialysis clinics through the establishment of minimum staffing and other requirements. It requires chronic dialysis clinics to have an on-site physician while patients are being treated. Clinics must report data on dialysis-related infections and obtain consent from the state health department before closing a clinic. Additionally, the ballot measure would also state that a chronic dialysis clinic cannot discriminate with respect to offering or providing care, nor refuse to offer or to provide care, on the basis of who is responsible for paying for a patient's treatment.

Proposition 8 (2018) and the Dialysis Clinic Requirements Initiative (2020) were designed to enact policies related to dialysis clinics, but the specific policies are different. Proposition 8 would have capped profits and required refunds, whereas this year's initiative would address minimum physician staffing, data reporting, and clinic closures.

Increased state and local health care costs are likely in the low tens of millions of dollars annually, resulting from increased dialysis treatment costs.

RCRC: TBD

CSAC: No position

Proposition 24: Consumer Personal Information Law and Agency Initiative

This **initiative statute** amends consumer privacy laws by permitting consumers to: (1) prevent businesses from sharing personal information; (2) correct inaccurate personal information; and (3) limit businesses' use of "sensitive personal information" such as precise geolocation; race; ethnicity; religion; genetic data; union membership; private communications; and certain sexual orientation, health, and biometric information. The initiative changes criteria for which businesses must comply with these laws and prohibits businesses' retention of personal information for longer than reasonably necessary. Further, it triples maximum penalties for violations concerning consumers under the age of 16, and establishes the California Privacy Protection Agency to enforce and implement consumer privacy laws, and impose administrative fines.

With the passage of this ballot measure, an increased annual state cost of roughly \$10 million is estimated for the creation of a new state privacy agency to monitor compliance and enforcement of consumer privacy laws. Also expected are increased state costs, potentially reaching the low millions of dollars annually, from increased workload to DOJ and the state courts, some or all of which would be offset by penalty revenues. Impact on state and local tax revenues due to economic effects resulting from new requirements on businesses to protect consumer information is currently unknown.

RCRC: TBD

CSAC: No position

*Proposition 25: Replace cash bail with risk assessments referendum

California Proposition 25 is a **veto referendum** to overturn SB 10 (2018) that replaced the money bail system with a system based on public safety risk.

SB 10 was designed to make California the first state to end the use of cash bail for all detained suspects awaiting trials. The legislation would replace the state's cash bail system with risk assessments to determine whether a detained suspect should be granted pretrial release and under what conditions. The risk assessments would categorize suspects as low risk, medium risk, or high risk. Suspects deemed as having a low risk of failing to appear in court and a low risk to public safety would be released from jail, while those deemed a high risk would remain in jail, with a chance to argue for their release before a judge. Those deemed a medium risk could be released or detained, depending on the local court's rules. SB 10 would exempt suspects of misdemeanors, with exceptions, from needing a risk assessment to be released.

The fiscal impact of the passage of Proposition 25 is an increase in state and local costs possibly in the mid hundreds of millions of dollars annually for a new process for releasing people from jail prior to trial. It is unclear whether some of the increased state costs would be offset by local funds currently spent on this type of workload. In addition, decreased county jail costs are projected possibly in the high tens of millions of dollars annually.

RCRC: No position

CSAC: No position

SUPPORTING DOCUMENTS

- A . Proposition 14
- B . Proposition 15
- C . Proposition 16
- D . Proposition 17
- E . Proposition 18
- F . Proposition 19
- G . Proposition 20
- H . Proposition 21
- I . Proposition 22
- J . Proposition 23
- K . Proposition 24
- L . Proposition 25

Recommendation: Approve

Reviewed By: Molly Rattigan