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John A. Norwood  
*Counselor at Law*

Erin Norwood  
*Publisher*

*Contributors*

Brittany Trudeau  
Ted Wait

[Contact Us](#)

[info@nalobby.net](mailto:info@nalobby.net)

Capitol Place  
915 L Street, Suite 1110  
Sacramento, CA 95814

(916) 447-5053  
(916) 447-7516 fax

[California Links](#)

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## Gavin Newsom Maintains Lead for Governor, John Cox Rising in Polls

A recent poll from the Public Policy Institute of California has shown some dramatic shifts in the Governor's race, indicating that Republican John Cox has moved up to replace Antonio Villaraigosa in second place. Under California's top two primary system the candidates are chosen for the general election regardless of their party affiliation, leaving Republicans to worry that they would be excluded from the Governor's race entirely. However with several months to go until the primary, it appears as though Cox has surged ahead while the Democrats continue to jockey for a spot on the ticket.

Gavin Newsom remains on top in the polling, maintaining a double digit lead over Cox among those questioned. The PPIC survey found that Newsom had the support of 28 percent of likely voters, Cox came in at 14 percent, with Villaraigosa at 12 percent. This is a dramatic change from previous polling that found Villaraigosa closing in on Newsom in popularity, with Cox struggling to cross 10 percent support.

It is not clear what has caused the sudden shift in the standings, but the polling also found that there had been a sharp increase in the number of voters who say that they are following the candidates closely. The recent poll results showed that over half of voters said that they have started closely following the election, up from the 25 percent who said the same back in December. However with months to go before the primary and nearly a quarter of voters still undecided, it remains to be seen what other big changes are in store for the candidates before election day.

## Labor Legislation of Note as Legislature Heads Into Busy Season

With the Legislature running in full speed next week, it is clear what measures are potentially beneficial, harmful, and outright unworkable. Since the Legislature reconvened in January, legislators wasted no time introducing more than 2,000 new bills, hundreds of which have a significant impact on business owners. There is great concern that this Legislature may pass

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additional taxes, labor mandates, and regulations, this year, which negatively impact the ability to operate in California.

However, in some cases there is optimism that there will be several opportunities for bipartisan collaboration in the Capitol to tackle some of the most important issues in the areas of legal, regulatory, and tax reform.

#### Beneficial Legislation

[AB 472](#) (Frazier, Dem-Fairfield): Prohibits an enforcement action for any nonserious violation against any employer where the employer is a small business without first giving the employer written notice and providing the employer 30 days to correct the violation.

[AB 767](#) (Quirk-Silva, Dem-Fullerton): Creates within the Governor's Office of Business and Economic Development a business license center to develop and administer an online master business license system to simplify the process of engaging in business in this state.

[AB 2016](#) (Fong, Rep-Bakersfield): Requires employee workplace complaint notices to include a statement setting forth the relevant facts, legal contentions, and authorities supporting each alleged violation and an estimate of the number of current and former employees against whom the alleged violation or violations were committed and on whose behalf relief is sought.

[AB 2069](#) (Bonta, Dem-Alameda): Prohibits an employer from engaging in employment discrimination against a person on the basis of his or her status as, or positive drug test for cannabis

[AB 2131](#) (Melendez, Rep-Orange Count): Current law, generally, imposes a minimum franchise tax of \$800 on every corporation incorporated in this state. This bill reduces the minimum franchise tax to \$400 for taxable years beginning on or after January 1, 2019.

[AB 2482](#) (Voepel, Rep-El Cajon): Permits an individual nonexempt employee to request an employee-selected flexible work schedule providing for workdays up to 10 hours within a 40-hour workweek, and allows an employer to implement this schedule without the obligation to pay overtime compensation for those additional hours in a workday.

[AB 2509](#) (Waldron, Rep-Escondido): Authorizes an employee to submit a written request to take an on-duty meal period in order to reduce the employee's work shift by not less than 30 minutes.

[AB 2671](#) (Fong, Rep-Bakersfield): Requires the Office of Administrative Law to submit to each house of the Legislature for review a copy of each major regulation that it submits to the Secretary of State.

[SB 996](#) (Gaines, Rep-El Dorado Hills): The Corporation Tax Law imposes taxes measured by income at a rate of 8.84%. This bill, for taxable years beginning on or after January 1, 2018, reduces the corporate tax rate to 6.84%.

[SB 1417](#) (Cannella, Rep-Merced): Reduces the minimum franchise tax based on the gross revenue of the corporation and thereby also reduces the annual tax for the entities described above.

#### Harmful

[AB 2366](#) (Bonta, Dem-Alameda): Current law prohibits an employer from discharging, or discriminating or retaliating against, an employee who is a victim of domestic violence, sexual assault, or stalking and who takes time off from work to obtain, or attempt to obtain, any relief to help ensure the health, safety, or welfare of the victim or his or her child. This bill extends these employment protections to victims of sexual harassment.

The CalChamber opposes because it authorizes family members to attend sexual harassment court hearings, for example.

[AB 2613](#) (Reyes, Dem-Fontana): Current law requires that employers pay wages to their employees, twice per calendar month, on days designated in advance as regular paydays. For each affected employee, there is a \$100 fine for any initial violation, plus \$100 for each subsequent calendar day, up to seven days, on which a violation continues. There are additional fines for subsequent violations.

[AB 2765](#) (Low, Dem-Cupertino): Authorizes an organization that is a digital marketplace (eg. website developer) to contribute to a marketplace contractor benefit plan established to provide employment benefits who use the digital marketplace. Contractor benefits include medical care, retirement benefits, among others.

[AB 2841](#) (Gonzalez-Fletcher, Dem-San Diego): Changes the requirements of the employer's alternate sick leave accrual method to require no less than 40 hours of accrued sick leave or paid time off by the 200th calendar day of employment. The bill also provides an employer is under no obligation to allow an employee's total accrual of paid of sick leave to exceed 80 hours or 10 days.

[AB 2946](#) (Kalra, Dem-San Jose): Current law authorizes a person who believes he or she has been discharged or otherwise discriminated against in violation of any law under the jurisdiction of the Labor Commissioner to file a complaint with the Division of Labor Standards Enforcement (DLSE) within 6 months after the occurrence of the violation. This bill extends the period to file a complaint to within 3 years after the occurrence of the violation. The Chamber supports use of DLSE because the process is faster to resolve complaints, results in lower attorney fees, and many cases are dismissed.

The Chamber oppose letter will address language that provides reasonable attorney's fees to a plaintiff who brings a successful action for a violation of these provisions.

[AB 3080](#) (Gonzalez-Fletcher, Dem-San Diego): Prohibits an employer from, as a condition of employment or as a condition of entering into a contractual agreement, prohibiting an employee or independent contractor from disclosing to any person an instance of sexual harassment that the employee or independent contractor suffers.

[SB 937](#) (Wiener, Dem-San Francisco): Requires an employer lactation room or location to include prescribed features and requires an employer to provide access to a sink and refrigerator in close proximity to the employee's work space. The bill establishes a procedure for an employer with fewer than 5 employees to apply to the Division of Labor Standards Enforcement for an undue hardship exemption from the lactation room or location requirement.

The Chamber oppose letter will be on the softer side, as the author is receptive to amendments. The letter will be granular in terms of defining room proximity, including use of a restroom if a separate room is impractical.

[SB 1284](#) (Jackson, Dem-Santa Barbara): Requires, on or before September 30, 2019, and on or before September 30 each year thereafter, an employer that has 100 or more employees to submit a pay data report to the Department of Industrial Relations. This bill requires the Department to make the reports available to the Secretary of State, the Department of Fair Employment and Housing, and the Commission on the Status of Women and Girls upon request.

This will be a Senate Floor fight.

[SB 1300](#) (Jackson, Dem-San Diego): Provides that a plaintiff in an action alleging that a defendant failed to take all reasonable steps necessary to prevent discrimination and harassment from occurring is not required to prove that the plaintiff endured sexual harassment or discrimination.

Worst bill on the list – establishes an unreasonable, unthinkable legal standard to prove discrimination based on an employee's sexual harassment claim history. This is a downright Senate Floor fight. Industry will bring everything they got.

[SB 1284](#) (Jackson, Dem-Santa Barbara): Requires, on or before September 30, 2019, and on or before September 30 each year thereafter, an employer that is incorporated in the state that has 100 or more employees to submit a paydata report to the Department of Industrial Relations.

[SB 993](#) (Hertzberg, Dem-Van Nuys): Expands the Sales and Use Tax Law to impose a tax on the purchase of services by businesses in California to determined percentage of the sales price of the service. The bill states that tax revenues are to be appropriated to provide tax relief to middle-income and low-income Californians and to assist in securing greater stability for California's infrastructure, its workforce, and its education services, including higher education.

## California Ballot Initiatives: June 5, 2018 Primary & November 6, 2018 General Election Ballot Measures

California uses the direct initiative process, which enables voters to bypass the Legislature and have an issue of concern put on the ballot for voter approval. There are two types of initiatives that can be placed on the ballot: statute revision, which requires signatures equal to 5% of the total votes cast for Governor in the preceding gubernatorial election, and

constitutional amendment, which requires signatures equal to 8% of the Governor's total vote in the preceding gubernatorial election. A statewide ballot measure requires a majority vote of the people to be approved.

#### June 5, 2018 Statewide Primary Election Ballot

Regarding the June 5, 2018 Statewide Primary Election Ballot, the deadline for circulation has past, making only the following six eligible for vote. Each are supported by the California Chamber of Commerce Board of Directors.

- Proposition 68 – Parks & Recreation Bond. \$4 billion water bond for groundwater cleanups that improve water quality.
- Proposition 69 – Motor Vehicle Fees & Taxes. Restricts use of diesel sales tax revenues and the new transportation improvement fee to transportation purposes.
- Proposition 70 – Greenhouse Gas Reduction Reserve Fund. Requires revenues from the cap-and-trade (C&T) auctions to meet one-time legislative supermajority approval of the cap-and-trade expenditure plan before appropriation.
- Proposition 71 – Secretary of State Statement of Vote Certification. Provides that an initiative statute, referendum, or constitutional amendment or revision take effect on the 5<sup>th</sup> day after the Secretary of State files the statement of vote, unless the measure provides a later operative date that is after this effective date.
- Proposition 72 – Rain Water Capture System Tax Applicability. Excludes rainwater capture systems from the definition of “newly constructed” for property tax reassessment purposes.

#### November 6, 2018 General Election Ballot

Regarding the November 6, 2018 Statewide General Election Ballot, the following is the only measure that has qualified to date. But, this year is expected to feature quite a large number that are currently circulating. The deadline for initiatives circulating for signature is June 28 of this year. The Chamber of Commerce will take positions on measures upon qualification. The Chamber has taken proactive oppose positions on four circulating measures below, however.

- SB 3, Beall (Dem, San Jose) – Veterans & Affordable Housing Bond Act. This initiative authorizes the issuance of \$4 billion in general obligation bonds for affordable housing programs and a veteran's home ownership program.

#### Initiatives in Circulation

The following are initiatives in signature circulation.

#### [Initiative 1807: Property Tax Base Transfer](#)

Circulation Deadline: March 26, 2018

Signatures Required: 585,407

Proponent: Alexander Creel

Initiative 1807 removes the following current requirements for homeowners to transfer their property tax base to a replacement residence: that the homeowner be over 55 or severely disabled, replacement property be of equal or lesser value, replacement residence be in a specific county, and the transfer occur only once. It removes similar replacement-value and location requirements on transfers for contaminated or disaster-destroyed property, as well as requires adjustments to the replacement property's tax base, based on the new property's value.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Annual property tax losses for cities, counties, and special districts in the hundreds of millions of dollars per year in the near term, growing over time to a few billion dollars per year. Annual property tax losses for schools in the hundreds of millions of dollars per year in the near term, growing over time to a few billion dollars per year. Equivalent increase in state costs for schools in most years.

Background: Alexander Creel, the sponsor of this initiative, is the California Association of Realtors Chief Lobbyist. Supporters argue that the measure is necessary in light of the housing crisis. Not only is affordability near an all-time low, but housing inventory remains stubbornly low – wreaking havoc on the market and reducing homeownership opportunities for many would-be buyers in California.

On top of these challenges, nearly three-quarters of homeowners 55 years of age or older have not moved since 2000, further constricting inventory. Research has indicated that one of the primary reasons these homeowners are effectively “locked” into their homes is the prospect of paying higher property taxes.

### Initiative 1810: Kidney Dialysis Clinic Patient Charges Limitation

Circulation Deadline: April 11, 2018

Signatures Required: 365,880 (25% of Signatures Reached 11/22/2017)

Proponents: Edward Howard & Benjamin Tracey

Initiative 1810 limits amounts outpatient kidney dialysis clinics may charge for patient care and imposes penalties for excessive charges. The ballot initiative limits what insurance companies pay (Medicare and MediCal are exempt) to outpatient dialysis clinics for patient treatments. The limits require clinics to issue annual rebates to private health insurance companies if any charge exceeds 115% of patient services costs. The initiative does not allow for clinics to include overhead costs for personnel as part of those costs.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: State administrative costs of around \$1 million annually to be covered by increases in license fees on chronic dialysis clinics.

Background: Dialysis providers have formed a coalition of doctors, nurses, patients, veterans, and other healthcare providers in California to fight efforts by a healthcare workers' union to get this measure on the California statewide ballot in November. A similar union-backed initiative to limit profits has begun in Ohio. The proposed ballot initiative is being developed

by a group called the Californians for Kidney Dialysis Patient Protection, funded by the Service Employees International Union-United Healthcare Workers West.

The coalition, called the Patients and Caregivers to Protect Dialysis Patients, funded primarily by DaVita Kidney Care and Fresenius Medical Care North America, are leading opposition to the union effort. Opponents maintain if dialysis clinics close or reduce the number of patients they are able to treat because of this initiative, patients would find it harder to access life-saving care. Other groups that are part of the coalition include the National Renal Administration Association, the Chronic Disease Coalition, and the California Dialysis Council.

The initiative's definition of 'patient care services costs' does not cover the actual cost of providing care at a clinic and excludes many necessary costs – including those important to patient care such as the physician medical director and the nurse clinical coordinator. If necessary dialysis clinic costs are not accounted for, clinics will be forced to cut back services or close, leaving patients with limited options for getting life-saving dialysis care, according to the coalition. The Chamber opposes this initiative, as it sees this as a precedent setting effort to establish government imposed, arbitrary price controls in the healthcare field.

### [Initiative 1815: Single Payer Healthcare Establishment](#)

Circulation Deadline: April 23, 2018

Signatures Required: 585,407

Proponent: Dale Fountain

Initiative 1815 creates a trust fund within the state treasury solely for funding healthcare to encourage the Legislature to enact a single payer, government-run, mandated healthcare policy. It allows the Legislature to raise any taxes dedicated to the fund by majority vote. The measure exempts the fund's revenues from constitutionally required annual state spending limits, minimum-funding guarantees for schools, and state budget reserve deposits.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Any future impact is dependent on actions by the Legislature and Governor. The measure makes it easier to increase state tax revenues dedicated to healthcare spending. It could also have a variety of impacts on the state budget, including on the state's spending limit, and spending on healthcare, education, debts, and reserves.

Background: The sponsor, Dale Fountain, is an intensely private man. Fountain does not say where he works; it is only known that he is a Silicon Valley tech worker. The sponsor's Facebook group, Enact Universal Healthcare for California, has more than 106,000 followers – a sign of the issue's general appeal to many voters. Fountain is not paying signature gatherers, a strategy that experts say makes prospects of success low. No measure has made it to the ballot without paid signatures in recent California history.

The measure by itself does not fund a single-payer system. Instead, it amends the state Constitution to create a special fund for healthcare. According to a California Senate analysis, taxpayers would have to pay \$200 billion a year to fund a single-payer system in addition to

the public money already dedicated to healthcare programs. For perspective, the entire state budget is \$175 billion. Fountain has already earned himself a political enemy who would seem to be a natural ally: the California Nurses Association. The union has made enacting single-payer its signature issue via legislation. The two sides are at odds about the legal vehicle to accomplish single-payer.

### [Initiative 1828: Taxes, Fees, Debt, Credit, Child Support & Driving Under the Influence Legal Reform](#)

Circulation Deadline: May 15, 2018

Signatures Required: 365,880

Proponent: Walter Glass

Initiative 1828 is a 174 page proposed measure that restricts collection of: unpaid state personal income and corporation taxes and other fines, penalties, and debt owed to state and local government, and unpaid child support obligations; reduces the vehicle license fee; reduces or eliminates Department of Motor Vehicles fees and penalties; requires voter approval of any new or increased fees to Department of Motor Vehicles; and, restricts disclosure of arrests or convictions for driving under the influence and limits use of vehicle ignition locks after such convictions. It also limits information on consumer credit reports and interest on certain consumer loans.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Reduced state income tax revenue of several billion dollars on a one-time basis over the near term. Reduced annual state income tax revenues potentially in the tens of billions of dollars, depending on how taxpayers and the state respond to the measure's changes to the state income tax system. Reduced annual state and local revenues of several billion dollars from various charges collected by Department of Motor Vehicles. These revenues would otherwise primarily support public safety and health and human services at the local level, and the operation of the California Highway Patrol and Department of Motor Vehicles.

Background: There is no publicly available background on this measure or the sponsor, including from online sources, such as Ballotpedia, newspapers, and industry journals. The price tag of this idea and the lack of any apparent organization behind it make it irrelevant and unlikely.

### [Initiative 1830: Vehicle Fuel Taxes & Fees](#)

Circulation Deadline: May 21, 2018

Signatures Required: 585,407 – (25% of Signatures Reached 12/15/2017)

Proponent: Thomas Hiltachk

Initiative 1830 repeals the 2017-enacted \$52.4 billion transportation law's tax and fee provisions that pay for repairs and improvements to local roads, state highways, and public transportation. It requires the Legislature to submit any measure enacting taxes or fees on

gasoline or diesel fuel, or on the privilege to operate a vehicle on public highways, to the electorate for approval.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Reduced annual state transportation tax revenues of \$2.9 billion in 2018-2019, increasing to \$4.9 billion annually by 2020-2021. These revenues would primarily have supported state highway maintenance and rehabilitation, local streets and roads, and mass transit. In addition, potentially lower transportation tax revenues in the future from requiring voter approval of such tax increases, with the impact dependent on future actions by the Legislature and voters.

Background: Proponents argue Governor Jerry Brown's decision to push through the largest gas tax increase in California's history without the approval of voters demonstrated a complete disregard for ordinary Californians. This ballot initiative will correct Brown's failure to allow the people of California to decide for themselves if they want to raise their taxes.

### [Initiative 1831: State & Local Government Bond Proceed Spending Restriction](#)

Circulation Deadline: June 4, 2018

Signatures Required: 585,407

Proponents: Michael Warda

Initiative 1831 prohibits state and local governments and special districts from spending proceeds of bonds or taxes approved by the voters for any purposes other than those provided in the measure authorizing those bonds or taxes.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Potentially less state and local fiscal flexibility over the use of bond proceeds and tax revenue, depending upon future decisions made by elected officials, the courts, and the voters.

Background: There is no publicly available background on this measure or the sponsor, including from online sources, such as Ballotpedia, newspapers, and industry journals.

### [Initiative 1836: Consumer Privacy Protections & Data Breach Liability](#)

Circulation Deadline: June 18, 2018

Signatures Required: 365,880 – (25% of Signatures Reached 2/6/2018)

Proponent: Alastair Mactaggart

Initiative 1836 gives consumers the right to learn categories of personal information that businesses collect and sell or share about them, and to whom that information is sold. It gives consumers the right to prevent businesses from selling or sharing their personal information. The measure also prohibits businesses from discriminating against consumers who exercise these rights, and allows consumers to sue businesses for security breaches of

consumers' data, even if consumers cannot prove injury. Additionally, the initiative allows for enforcement by consumers, whistleblowers, or public agencies.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Increased costs, potentially reaching the low tens of millions of dollars annually, to state and local governments from implementing and enforcing the measure, some or all of which is offset by increased penalty revenue authorized by the measure.

Background: Alastair Mactaggart, the former president of the Emerald Fund, a San Francisco real-estate development company, has committed to financially support the effort estimated in the \$5 million range to qualify and pass the measure, and has a Democratic strategist working on the endeavor. The CalChamber has formed an executive committee. This opposition effort is for research, focus group, and messaging development. The proponents have funds trickling in, but not at the level sufficient to prevail.

Research by the Civil Justice Association of California has found that no measure has prevailed with less than \$70 million to \$80 million spent. The proponent is spending just enough to keep the proposed ballot measure on the street. As mentioned, the Chamber opposes this initiative, stating it poses grave risks to the business community and potentially the state's economy. It has an impact on businesses across every sector and would be particularly harmful to the data-driven economy that generates a significant portion of the state's revenue.

### [Initiative 1837: Local Government Rent Control Authority Expansion](#)

Circulation Deadline: June 6, 2018

Signatures Required: 365,880 - (25% of Signatures Reached 2/26/2018)

Proponents: Michael Weinstein, Elena Popp & Christina Livingston

Initiative 1837 repeals state law that currently restricts the scope of rent-control policies that cities and other local jurisdictions may impose. This measure allows policies to limit the rental rates that residential-property owners may charge for new tenants, new construction, and single-family homes. In accordance with California law, the initiative provides that rent-control policies may not violate landlords' right to a fair financial return on their rental property.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Unknown, but potentially significant, changes in state and local government tax revenues. Net decrease more likely than net increase. Potential increase in local government costs of up to tens of millions of dollars per year in the long term, likely paid by fees on owners of rental housing.

Background: The sponsors are Michael Weinstein, President of the AIDS Healthcare Foundation, Livingston, State Director of Alliance of Californians for Community Empowerment Action, and Elena Popp, Founder and Executive Director of Eviction Defense Network. Proponents argue rents for housing have skyrocketed in recent years. Median rents

are higher in California than any other state in the country, and among all 50 states, California has the 4<sup>th</sup> highest increase in rents.

### Initiative 1841: Children's Hospital Construction Bonds

Circulation Deadline: July 16, 2018

Signatures Required: 365,880 – (25% of Signatures Reached 2/7/2018)

Proponent: Ann-Louise Kuhns

Initiative 1841 authorizes \$1.5 billion in bonds, to be repaid from the state's General Fund, to fund grants for construction, expansion, renovation, and equipping of qualifying children's hospitals. It designates 72% of funds to qualifying private nonprofit hospitals providing comprehensive services to high volumes of children eligible for governmental programs and children with special health needs eligible for the California Children's Services program, 18% of funds to University of California general acute care children's hospitals, and 10 % of funds to public and private nonprofit hospitals providing services to children eligible for the California Children's Services program.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: State costs of \$2.9 billion to pay off principal (\$1.5 billion) and interest (\$1.4 billion) on bonds over a 35-year period. Annual payments would average \$84 million.

Background: Ann-Louise Kuhns is President of the California Children's Hospital Association. Kuhns has over 20 years of experience in senior management positions both inside and outside of California state government. California voters approved a \$980 million bond issue initiative for children's hospitals, Proposition 3 in 2008. Proposition 61, an initiative to issue \$750 million in bonds for children's hospitals, was approved in 2004.

### Initiative 1843: Personal Income Tax Increase to Fund Hospitals & Low-Income Patient Providers

Circulation Deadline: July 17, 2018

Signatures Required: 585,407

Proponents: Michael Borges & Benjamin Tracey

Initiative 1843 increases funding for hospitals, clinics, and primary healthcare providers that serve low-income patients and medically underserved communities. It provides dedicated revenue for this funding and program administration by taxing personal income over \$1 million an additional 1%.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Provides additional state revenues between \$1.5 billion and \$2.5 billion annually, depending on the economy and asset markets. This funding is allocated to safety net hospitals (70%), community health clinics (25%), and healthcare workforce development and training projects (5%) eligible for funding under the initiative.

Background: There is no publicly available background on this measure, including from online sources, such as Ballotpedia, newspapers, industry journals, and the relevant trade association website. The Chamber opposes this initiative because the state budget is overly reliant on high-end taxpayers. An economic downturn hits the budget hard. The Chamber argues the initiative adds additional risk to California's economic health and budget stability.

### [Initiative 1846: New State Revenue Supermajority Approval Expansion](#)

Circulation Deadline: July 25, 2018

Signatures Required: 585,407 – (25% of Signatures Reached 2/26/2018)

Proponent: Robert Lapsley

Initiative 1846 requires new revenue measures to require approval by two-thirds supermajority vote of Legislature no matter how they are labeled or how or by whom they are proposed. For local governments, it requires two-thirds approval of the electorate to raise new taxes or governing body to raise new fees. The initiative also requires that state and local laws enacting new taxes specify how revenues can be spent, and heightens the legal threshold for state and local governments to prove that fees passed without two-thirds approval are not taxes.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Likely minor decrease in annual state revenues and potentially substantial decrease in annual local revenues, depending upon future actions of the Legislature, local governing bodies, voters, and the courts.

Background: The sponsor, Robert Lapsley, is President of the California Business Roundtable. The purpose is to clarify that any new or increased form of state revenue, by any name or manner of extraction paid directly or indirectly by Californians, is authorized only by a two-thirds vote of the Legislature to ensure that the purposes for such tax, fee, or other charge are broadly supported and transparently debated.

### [Initiative 1847: New Local Revenue Supermajority Approval Expansion](#)

Circulation Deadline: July 25, 2018

Signatures Required: 585,407

Proponent: Robert Lapsley

Initiative 1847 states that for local governments it is required that two-thirds approval of the electorate be achieved to raise new taxes for a governing body to raise new fees. It requires that local laws enacting new taxes specify how revenues can be spent, as well as heightens the legal threshold for local governments to prove that fees passed without two-thirds voter approval are not taxes.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Potentially substantial decrease in annual local revenues, depending upon future actions of local governing bodies, voters, and the courts.

Background: The sponsor, Robert Lapsley, is President of the California Business Roundtable. Supporters argue in enacting this measure, voters reassert their right to vote on increases in local taxes, no matter how they are labeled or how or by whom they are proposed. Voters also intend that local governments remain accountable to the voters for how the taxes, charges, and other revenues extracted from Californians are spent.

### Initiative 1848: Agriculture, Consumer Products & Health Substance & Practice Regulation

Circulation Deadline: August 6, 2018

Signatures Required: 365,880

Proponent: Cheriell Jensen

Initiative 1848 prohibits genetically engineered plants and animals and over 300 listed substances from being used or released into the environment. It creates a new state entity to regulate environmental activities, modify projects having pollution and radiation impacts, and test and approve substances before they can be introduced in California. The measure also regulates vaccine ingredients and eliminates vaccination as a prerequisite for attendance at schools and daycare facilities.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Results in a substantial net change in state and local finances.

Background: As justification for extensive regulation, the initiative claims that genetically modified organisms (GMO) and unspecified contaminants in the environment, food, and vaccines are causing cancers, diabetes, autism, Parkinson's, and a long list of other diseases. Opponents to the initiative explain California already has some of the strictest environmental measures in the country, and the state has previously rejected even labeling GMOs in foods. Still, the initiative may find a foothold with the anti-vaccine and vaccine-hesitant crowd. In 2016, California implemented a law that clamped down on personal belief exemptions for required vaccines in school-aged children, which riled opponents. Many have vowed to overturn the law, which this initiative would do, among many other things.

### Initiative 1851: Commercial & Industrial Real Property Fair Market Value Taxation

Circulation Deadline: August 20, 2018

Signatures Required: 585,407

Proponents: Anthony Thigpenn, Helen Hutchison & Benjamin McBride

Initiative 1851 taxes commercial and industrial real property based on fair market value, rather than, under current law, the purchase price with limited inflation. It dedicates a portion of any increased revenue to local services and to supplement, not replace, the state's minimum-funding guarantee to schools. The measure provides tax exemption for \$500,000 worth of tangible personal property used for business and all personal property used for certain small businesses.

Summary of Estimate by Legislative Analyst & Director of Finance of Fiscal Impact on State & Local Government: Net increase in annual property tax revenues of \$6.5 billion to \$10.5 billion in most years, depending on the strength of real estate markets. \$6 billion to \$10 billion would be allocated to schools (40%) and other local governments (60%).

Background: Next year will mark the 40<sup>th</sup> anniversary of Proposition 13 – the People’s Initiative to Limit Property Taxation. Proposition 13 has decreased property taxes for residents and businesses by assessing property values at their 1975 value. It also restricted annual increases of assessed property value to an inflation factor, not to exceed 2% per year. This initiative is an effort to undue a piece of the business benefit of Proposition 13. The effort is aimed at corporations and has zero impact on residential property taxes. The proponents, “Make it Fair,” believe corporations have been taking advantage of the Proposition 13 business “loophole” and by consequence, property tax revenues for local governments and schools districts in California have suffered greatly.

The group has been holding townhall meetings up and down the state. The goal of the outreach is to educate the public on just how much money is, in their view, being lost to the Proposition 13 loophole. An economic study from the University of Southern California claims its \$9 billion statewide. Make It Fair’s contention is that loopholes in Proposition 13 allow a small number of ‘giant corporations’ and ‘wealthy commercial property owners’ to get around paying the property taxes that they could easily afford.

Opponents of the effort say that in reality the ‘loopholes’ that Make It Fair seeks to close are in place to protect residential and commercial real estate owners at all places on the economic ladder. The California Business Roundtable is beginning to mount their online advertising campaign against the measure. Their message is very clear, “It would dismantle the foundation of one of the most important propositions ever passed by voters.”