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State Senate

State Assembly

**Department of
Insurance**

Given that this week included the Independence Day holiday, legislative activity was somewhat interrupted, but there was a fair amount of activity at the committee level – mostly long bill lists for consideration in the education and health committees. The Assembly and Senate floor activity was quite light, with some of the floor session days only containing three to four bills including resolutions that are not legally binding. With that being said, this week's report from Sacramento is more brief than usual.

Due to the brief report this week, we thought this to be the opportunity to provide a timeline for the remainder of the legislative calendar in 2017.

- July 14 – Last day for policy committees to hear and report fiscal bills for referral to fiscal committees;
- July 21 – Last day for policy committees to hear and report bills;
- July 22-August 20 – Legislative recess;
- September 1 – Last day for fiscal committees to meet and report bills to the Assembly and Senate Floor;
- September 15 – Last day for any bill to be passed by the Assembly and Senate; and,
- October 15 – Last day for Governor to sign or veto bills.

New Bill Emerges That Impacts Insurance Carriers

While it does not occur often at this stage of the legislative session (well past mid-way, given August is a legislative recess and September 15 is the deadline for the Assembly-Senate to pass all bills), there is a new measure that is increasingly showing up on the insurance lobbying corps radar. SB 244 (Lara, Dem-Bell Gardens) is the bill of note. It does not specifically relate to insurance as a subject matter, but does impact the business of insurance.

**Secretary of State
Official Legislative
Information**

SB 244 effectively prohibits looking up agents and brokers on the Department of Insurance website to check the status of their license to operate. The intent is to keep federal immigration officials from finding undocumented individuals via searches of public, online records.

Specifically, the bill proposes to make certain classes of records exempt from disclosure pursuant to the California Public Records Act, making them confidential except in limited circumstances, in order to protect the privacy and safety of persons, including those who may lack documentation of their lawful presence in the country, and who could be identified by the disclosure of those records. State agencies like the Department of Insurance and the Contractors State Licensing Board who collect information on their licensees, and utilize license numbers, name of business, address, as well as status of licensee and enforcement actions would be precluded from making this information available on their websites.

The author and sponsors of the bill – including cosponsors American Civil Liberties Union of Northern California and the California Immigrant Policy Center – argue that this significant change in the law is necessary in order to protect the personal information of millions of Californians, including California’s immigrant communities.

The bill is in response to the January 25 Presidential executive order that makes sweeping changes to immigration enforcement in the interior of the United States, significantly broadening the categories of unauthorized immigrants who are priorities for removal, reviving the controversial Secure Communities program, and reinvigorating a federal-local partnership which allows state and local law enforcement agencies to sign agreements and enforce aspects of federal immigration law. Whereas prior administrations had authorized immigration authorities to focus on priority groups (such as those with serious criminal histories), the present federal administration has directed federal authorities to employ “all lawful means” to enforce immigration laws against “all removable aliens.”

The bill is opposed by the California Newspaper Publishers Association and California State Sheriffs Association, the latter of which carries some weight in the Legislature. As mentioned previously, the influential ACLU is the sponsor and the support list is long – 66 all told. It is worth noting that the supporters have varying degrees of power, namely healthcare entities (ie. California Nurses Association) that seek to keep medical information private, consumer groups (Consumer Federation of California), and labor unions (United Farmworkers).

SB 244 was approved by the full Senate 25-12 (NO Votes: all Republican) and passed the Assembly Privacy Committee 8-2 on July 3. The bill is expected to be referred to the Assembly Judiciary Committee shortly. The author has proposed amendments that would respond to concerns of insurance agents and brokers, the Chamber of Commerce, and contractor groups, but they do not address administrative enforcement actions. Given the bill’s advancement, the lobbying effort against its passage will be scaled up.

Another Republican Joins Race for Governor

This week, former Assembly Member David Hadley announced that he would be joining an already crowded field in the 2018 race for California governor. Hadley is the third Republican to join the race, following businessman John Cox and Assembly Member Travis Allen. However Hadley is by far the most moderate Republican candidate so far, positioning himself as a social moderate and fiscal conservative with the hopes of gaining the votes of Californians who have become disillusioned with the Democratic party.

“I’ve decided that I can fill an important role in this election,” Hadley stated, “I think we can win this race, I think we can bring important changes and important reforms to California, and I think I’m the right guy to do it. We can’t have this race be a debate between a Democrat and a socialist.” Hadley’s statements echo the sentiments of the other Republican candidates, who all believe that they have a chance to overcome the huge Democratic registration advantage by capturing voters who believe that the Democratic leadership of the state has gone too far with issues like the gas tax and single-payer healthcare.

However there are already worries that the Republican race has become too fractured to have any hopes of succeeding. Three candidates running against each other in a state where they are severely disadvantaged has echoes of previous unsuccessful campaigns, such as the 2010 governor’s race when the party failed to unite behind Neel Kashkari, leading to Jerry Brown’s easy victory. Some think that so many candidates in a top-two primary election will lead to no Republicans at all in the 2018 election, which has spurred reluctance from donors to get involved in the race. However the shifting political climate and the importance of Congressional races in California for Republicans to keep their majority in the House of Representatives may lead to more engagement and a closer race. Stay tuned for more.

Democrats Attempt to Change Another Rule Governing Recall Elections

Following a controversial vote to change the rules governing recall elections, Democrats in the state legislature are pushing for more changes to be made in order to protect the seat of Senator Josh Newman. Newman is facing recall from Republicans who are angry over his vote on the gas tax, an election that has already sparked controversy and accusations of wrongdoing. Now Senate Democrats are urging the California Fair Political Practices Commission to change a 15 year old rule that limits the campaign contributions made by politicians during recall elections.

The regulation in question was adopted by the FPPC in 2002, and states that state candidates must abide by contribution limits when they donate to a recall committee that is controlled by another candidate. According to the FPPC’s interpretation, that means that politicians cannot exceed the \$4,400 limit in their contributions to Senator Newman’s campaign.

However Senate Democrats argue that the FPPC is interpreting the rule incorrectly, and that candidate committees should be able to give freely to recall campaign committees without contribution limits. This would allow Senator Newman to rely on the contributions from his colleagues for fundraising.

The Democratic caucus had government lawyers examine the regulation, and they issued an opinion on June 27th stating that they believed that courts would overturn it. They also repeated this belief at a meeting of the FPPC when they requested that the commission overturn the regulation. They argue that given the urgency of the issue for the upcoming recall, the FPPC should work quickly to overturn the 15 year old regulation, prompting tense debate between commissioners. After some debate over the legality of speeding through the process of overturning the regulation, it was decided that the FPPC's July meeting that had originally been cancelled would in fact be held, making it possible for the commission to continue proceedings to overturn the rule in August.