September 20, 2016

Honorable Board of Supervisors
Marin County Civic Center
San Rafael, CA 94903

Re: Informational Update Regarding Propositions 51-67 Appearing on the November 8, 2016 Statewide Ballot

Dear Supervisors:

RECOMMENDATION: Provide policy direction to staff regarding a Board position, if any, concerning the 17 statewide measures appearing on the November 8, 2016 ballot. Staff would return to your Board October 4th with “Support” or “Oppose” resolutions consistent with your Board’s direction.

BACKGROUND: There are 17 propositions on the November 8, 2016 statewide ballot. We are bringing forward a high level overview regarding these measures to seek your policy direction with regard to a Board position, if any. To better assist your Board, we are framing the measures into three broad categories for your consideration:

A. Staff-recommended position – Based on past Board policy action or consistency with the Legislative Plan;
B. Consider policy position – Consideration warranted, policy direction requested;
C. No policy position recommended – Not directly related to County government.

Summary background information can be found in Attachment A, a Quick-Reference Guide prepared by the California Secretary of State. The full Official Voter Information Guide (224 pages) is available from the Secretary of State’s website at: http://vig.cdn.sos.ca.gov/2016/general/en/pdf/complete-vig.pdf. Specific ballot language is also available from the Secretary of State at: http://www.sos.ca.gov/elections/ballot-measures/qualified-ballot-measures/.

A. STAFF-RECOMMENDED POSITION

PROPOSITION 52, regarding hospital fees, would require voter approval of changes to the hospital fee program. A Quality Assurance Fee was established in 2009 and is a payment made by private hospitals to the state. The state uses these funds to leverage federal funding for health care services, including for low-income children’s health coverage.

Proposition 52 would increase the required vote to two-thirds for the Legislature to amend existing law that imposes fees on hospitals (for the purpose of obtaining federal Medi-Cal matching funds) and directs these fees and federal matching funds to hospital-provided Medi-Cal health care services, to uncompensated care provided by hospitals to uninsured patients, and to children’s health coverage.

According to the California State Association of Counties (CSAC), by all measures the fee has worked well for hospitals and the state. However, each legislative vehicle has
included a sunset provision for the fee. The California Hospital Association has moved forward with this measure to protect the fee in perpetuity.

Fiscal impacts per the LAO and State Department of Finance include the following:

- State savings from increased revenues that offset state costs for children’s health coverage of around $500 million beginning in 2016-17 (half-year savings) to over $1 billion annually by 2019-20, likely growing 5 percent to 10 percent annually.
- Increased revenues to support state and local public hospitals of around $90 million beginning in 2016-17 (half-year) to $250 million annually by 2019-20, likely growing between 5 percent to 10 percent annually thereafter.

Supporters argue that this measure would keep legislators from diverting federal matching funds from their original purposes by requiring that voter approval be obtained first, and it would generate $3 billion dollars in federal matching funds. Supporters include CSAC, the California Hospital Association, and the California Labor Federation (AFL-CIO). Counties are supportive of identifying and maximizing ways to draw down federal matching funding for critical health care services, and your Board has long been supportive of efforts to identify and enhance funding for children’s health coverage and services.

Opponents argue that this does not guarantee that funds will be spent on healthcare and does not require accountability from hospital CEOs and lobbyists regarding how the money is spent. While supporters include labor unions, business groups and members of both political parties, the Service Employees International Union-United Healthcare Workers West (SEIU-UHW), which represents hospital workers, supports the arrangement in principle but argues that the legislature is the most appropriate venue for deciding how to use the money raised – and therefore opposes the measure.

Consistent with CSAC, and with Board policy in favor of preserving and enhancing funding for children’s health coverage and services, staff recommends a **SUPPORT** position on Proposition 52.

**PROPOSITION 53**, regarding revenue bonds, would require statewide voter approval before any revenue bonds can be issued or sold by the state for projects that are financed, owned, operated or managed by the state or any joint agency created by or including the state, if the bond amount exceeds $2 billion. Unlike general obligation bonds, revenue bonds are not currently subject to voter approval requirements.

Fiscal impacts per the LAO and State Department of Finance include the following:

- The fiscal effect on state and local governments is unknown and would vary by project. It would depend on (1) the outcome of projects brought before voters, (2) the extent to which the state relied on alternative approaches to the projects or alternative financing methods for affected projects, and (3) whether those methods have higher or lower costs than revenue bonds.

Supporters argue that this measure would hold politicians accountable and would induce them to provide accurate estimates of how much a project would cost.
Supporters of the measure include the California Republican Party and the Howard Jarvis Taxpayers Association.

Opponents charge that Proposition 53 would require a statewide vote for certain local project, thus impacting local control and community infrastructure improvements; it does not contain an exemption for emergencies/natural disasters; and would inhibit the State's ability to repair outdated infrastructure. Opponents include Governor Brown, whose High Speed Rail and Delta infrastructure projects would be impacted, CSAC, the League of California Cities, Rural County Representatives of California, Self-Help Counties Coalition, California State Sheriffs’ Association, California Professional Firefighters, Association of California Water Agencies, and California Chamber of Commerce.

CSAC concludes that, although ballot language limits impacts to state projects, counties could be impacted where they enter into a JPA with the state – for example the Bay Area Toll Authority. In addition, revenue bonds are repaid by “users” of a project who benefit. For example, toll roads, toll bridges, and parking fees are paid by users and not taxpayers statewide. Requiring statewide voter approval on local or regional projects ultimately paid for by users within a local region is not consistent with local control policies.

Consistent with CSAC and the local control elements of the Legislative Plan, staff recommends an OPPOSE position on Proposition 53 due to concerns related to erosion of local control.

**PROPOSITION 55**, commonly referred to as the “Proposition 30 tax extension,” would extend by twelve years (from 2018 to 2030) the temporary personal income tax increases enacted in 2012 on earnings over $250,000 for single filers ($500,000 for joint filers) as implemented by Proposition 30. The additional 0.25% statewide sales and use tax rate that was passed by voters in 2012 as part of Proposition 30 is set to expire on December 31, 2016; Proposition 55 would extend only the personal income tax increases, affecting roughly the 1.5% of taxpayers with the highest incomes. Approximately half of the estimated revenues would go to K-14 education; 40% to Medi-Cal for low-income residents; and the remainder to prekindergarten and early childhood development programs.

Fiscal impacts per the LAO and State Department of Finance include the following:

- Increased state revenues annually from 2019 through 2030—likely in the $5 billion to $11 billion range initially—with amounts varying based on stock market and economic trends. Roughly half would go towards increased funding for schools and community colleges, with up to $2 billion each year in increased Medi-Cal funding, depending upon decisions and estimates from the Director of Finance.

Supporters argue this would only affect the wealthiest Californians and would provide strict accountability and transparency standards, ensuring that money goes to local schools. It would prevent budget cuts while continuing to restore funding lost during the recession. Supporters include CSAC, Lieutenant Governor Gavin Newsom, State Controller Betty Yee, and State Treasurer John Chiang.
Opponents argue that Proposition 30 was only temporary. Education, healthcare, and state government can all be funded without new or higher taxes, and small businesses would suffer as they often pay taxes on their business income through their personal tax return. Opponents include the California Chamber of Commerce and the National Federation of Independent Business.

Consistent with CSAC, and with Board policy to preserve and enhance funding for health services to low-income populations and prekindergarten and early childhood development programs, staff recommends a **SUPPORT** position on Proposition 55.

**PROPOSITION 56**, regarding cigarette taxes, would increase cigarette taxes by $2.00 per pack, from $0.87 per pack to $2.87 per pack, with an equivalent increase on other tobacco products and electronic cigarettes containing nicotine. The revenues raised would be predominantly used for additional spending on Medi-Cal and to backfill any losses to state and local First 5 Commissions. Currently, $0.50 of the $0.87 per pack tax goes toward First 5 Commissions. With Proposition 56, revenues from application of a new $1.37 per pack rate on e-cigarettes would support Proposition 99 and Proposition 10 purposes, the latter of which supports First 5 Commissions. While fiscal estimates are not clear, the LAO estimates annual revenue ranging from the $10-$40 million range statewide for Prop 10/First 5 purposes if Proposition 56 passes.

Fiscal impacts per the LAO and State Department of Finance include the following:

- **Net increase in excise tax revenues in the range of $1.1 billion to $1.6 billion annually by 2017-18, with revenues decreasing slightly in subsequent years.**

Supporters argue this would reduce tobacco-related healthcare costs and provide funds to prevent youth smoking and address tobacco marketing aimed at youth as a target customer. Supporters include healthcare associations and CSAC.

CSAC has long-supported efforts to increase taxes on tobacco products to both discourage tobacco use and raise funds for health needs and prevention efforts. Proposition 56 would provide revenue for state Medi-Cal activities, of which counties are supportive, and preserves critical funding for state and local First 5 (Proposition 10) activities to improve the lives of Californians aged 0 to 5.

Opponents argue that it would fund insurance companies and special interests more than it would fund treatment for smoking-related illnesses and youth smoking prevention and would not allocate funds for improving schools. Opponents include the tobacco industry.

Consistent with CSAC, and with prior Board policy discouraging tobacco use and raising funds for health needs and prevention efforts, staff recommends a **SUPPORT** position on Proposition 56.

**PROPOSITION 59**, regarding campaign finance reform, would indicate whether voters approve of California State Legislators using what influence they have over federal issues to overturn *Citizens United v. Federal Election Commission* and "to make clear that corporations should not have the same constitutional rights as human beings." The controversial 2010 U.S. Supreme Court ruling opened the door for unlimited
spending by corporations and unions in federal candidates' campaigns. The ballot measure was placed before voters by the Legislature, but has no legal force, instead conveying California voters' will to Congress.

The LAO and State Department of Finance did not provide a fiscal impact.

Supporters argue that overturning *Citizens United v. Federal Election Commission* would ensure that the voice of the people is not drowned out by corporations and billionaires. It would limit excessive political spending. Supporters include Senator Mark Leno, the California Democratic Party, and the California Labor Federation (AFL-CIO).

Opponents argue overturning *Citizens United v. Federal Election Commission* would hurt small businesses and other entities that are incorporated as corporations. It would fail to prohibit or limit corporate and union contributions to candidates, elected officials, and political parties. It would allow California congress members to tinker with the first amendment of the U.S. Constitution, which contains important citizen rights that should not be changed lightly. There are no known prominent opponents at this time.

Consistent with prior Board policy, including a 2012 Board resolution urging a constitutional amendment to overturn *Citizens United*, staff recommends a SUPPORT position on Proposition 59 to affirm the Board's opposition to the *Citizens United* ruling.

**PROPOSITION 63**, regarding stricter gun control and background checks, would prohibit the possession of large-capacity ammunition magazines, and would require their disposal by sale to dealer, destruction, or removal from state. It would require most individuals to pass a background check and obtain from the Department of Justice (DOJ) authorization to purchase ammunition and require most ammunition sales be made through licensed ammunition vendors and reported to DOJ. It would require lost or stolen firearms and ammunition be reported to law enforcement agencies and prohibit persons convicted of stealing a firearm from possessing firearms. It would also require DOJ to provide information about prohibited persons to the federal National Instant Criminal Background Check System.

Fiscal impacts per the LAO and State Department of Finance include the following:

- Increased state costs in the tens of millions of dollars annually related to regulating ammunition sales, likely offset by various regulatory fees authorized by the measure. Increase in court and law enforcement costs, not likely to exceed the tens of millions of dollars annually, related to removing firearms from prohibited persons as part of court sentencing proceedings. These costs could be offset to some extent by fees authorized by the measure. Potential increase in state and local correctional costs, not likely to exceed the low millions of dollars annually, related to new and increased penalties.

Supporters argue Proposition 63 would keep guns and ammunition out of the wrong hands by closing loopholes in existing law and protecting the rights of law-abiding citizens to own guns for self-defense, hunting, and recreation. It would address the issue of illegally armed felons. Supporters include Lieutenant Governor Gavin
Newsom, the proponent of Proposition 63, the Law Center to Prevent Gun Violence, and the California American College of Emergency Physicians.

Opponents argue that it would burden law-abiding citizens who own firearms. It would not keep terrorists and violent criminals from accessing firearms and ammunition. It would divert resources away from local law enforcement and burden an already overburdened court system. Opponents include the National Rifle Association (NRA), the California Rifle & Pistol Association, and the California State Sheriffs Association.

Based on prior Board policy support and consistency with the Legislative Plan, including efforts to reduce harm caused by gun violence, staff recommends a SUPPORT position on Proposition 63.

**PROPOSITION 67**, which is the plastic bag referendum, would ratify Senate Bill 270, prohibiting single-use plastic bags. SB 270 would have gone into effect on July 1, 2015; however, its implementation was suspended in February 2015 when a referendum qualified for the state ballot (Proposition 67). The ban passed by the Legislature required that stores offer to sell reusable bags and charge at least 10 cents apiece for those bags (except to low-income customers). Stores would be allowed to keep that money, and to use it for certain specified purposes, such as covering the costs of providing carryout bags. A "yes" vote on Proposition 67 is a vote in favor of upholding or ratifying the contested legislation banning plastic bags. A majority of "no" votes on the referendum would repeal SB 270.

The LAO and State Department of Finance did not provide a fiscal impact.

Supporters argue this would help the environment by reducing litter, protecting oceans and wildlife, and reducing clean-up costs and continue California's success in phasing out plastic bags. Supporters include Governor Brown, CSAC, California League of Conservation Voters, Californians Against Waste, Environment California, Heal the Bay, Natural Resources Defense Council, and the Sierra Club California. Your Board has long been an advocate of "extended producer responsibility" and supported SB 270 in 2014 to prohibit single-use plastic bags as the predominate form of marine debris in our oceans and water ways.

Opponents argue that it would cost consumers more money, as they would be required to pay 10 cents per bag for paper or thicker plastic reusable bags at checkout. There is no allocated revenue generated from reusable bag fees to help the environment as the revenue would go to grocers as extra profit. Opponents include the plastic bag manufacturers and Howard Jarvis Taxpayers Association.

Consistent with CSAC and with prior Board policy, staff recommends a SUPPORT position on Proposition 67 to ratify SB 270's ban on single-use plastic bags statewide.

**PROPOSITION 65**, also regarding the grocery bag tax, would redirect the fees collected by grocery and other retail stores through the sale of carryout bags to the Wildlife Conservation Board to support environmental projects. A "yes" vote is a vote in favor of redirecting money collected from the sale of carry-out bags by grocery or other retail stores to a special fund administered by the Wildlife Conservation Board. A "no" vote is a vote against redirecting this money to a special fund administered by the
Wildlife Conservation Board. Proposition 65 would apply statewide, including to the approximately 150 California cities and counties that have their own single-use carryout bag laws.

Proposition 67 is also on the November ballot as a referendum on SB 270. Proposition 65 states that if Proposition 67 (the Plastic Bag Ban Referendum) gets more "yes" votes than Proposition 65, revenue is kept by the retailers. However, if Proposition 65 gets more "yes" votes, the revenue goes to the state for environmental purposes. The chart below, per the Legislative Analyst, summarizes how implementation of Proposition 65 may be impacted by Proposition 67:

**Implementation of Proposition 65 Would Be Affected by Outcome of Referendum**

<table>
<thead>
<tr>
<th>Proposition 67 (SB 270 Referendum) Passes</th>
<th>Proposition 67 (SB 270 Referendum) Fails</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proposition 65 (Initiative)</strong> Passes</td>
<td><strong>Proposition 65 (Initiative)</strong> Fails</td>
</tr>
<tr>
<td>Statewide carryout bag law in effect. Use of revenues from sale of carryout bags depends on which proposition gets more votes:</td>
<td>Statewide carryout bag law in effect and revenue from the sale of carryout bags is kept by stores.</td>
</tr>
<tr>
<td>• If more &quot;yes&quot; votes for referendum, revenue is kept by stores.</td>
<td>No statewide carryout bag law. Revenue from any future statewide law similar to SB 270 would be used for environmental programs.</td>
</tr>
<tr>
<td>• If more &quot;yes&quot; votes for initiative, revenue goes to state for environmental programs.a</td>
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</tbody>
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*a Alternatively, a provision of Proposition 65 could be interpreted by the courts as preventing Senate Bill (SB) 270 from going into effect at all.*

Fiscal impacts per the LAO and State Department of Finance include the following:

- There is potential state revenue of several tens of millions of dollars annually under certain circumstances, with the monies used to support certain environmental programs.

Supporters argue this would stop the deal made between legislators and lobbyists that allowed grocery stores to keep plastic bag fee revenue as extra profits. It would instead dedicate plastic bag fee revenue to environmental projects like drought relief and litter removal, and would make the California Wildlife Conservation Board responsible for allocating the revenue generated from plastic bag fees. Supporters include the California Taxpayer Protection Committee.

Opponents argue this would only serve the interests of plastic bag companies and would distract from phasing out plastic bags entirely. It would do little to help the
environment, as plastic bags need to be eliminated completely in order to have an effective impact. Opponents also argue that grocery stores would not profit from the sale of reusable bags, which cost up to 15 cents apiece to produce, and that Proposition 65's only purpose is to distract from the real issue at hand, phasing out plastic bags, which is the real priority for the environment.

CSAC opposes Proposition 65, concluding that "It is unclear the specific motivation for this measure and it will undoubtedly cause confusion for consumers, stores and local governments" if passed. It is also "unclear how much of the funds collected would be directed towards programs that directly benefit local governments."

Proposition 65, sponsored by the plastic bag manufacturers, is not directed at the use plastic bags but rather focuses on the revenue stream created by the sale of paper bags given SB 270, which currently goes to store owners.

Consistent with CSAC and with prior Board policy, staff recommends an OPPOSE position on Proposition 65 to affirm support of SB 270 and also the policy of extended producer responsibility.

B. CONSIDER POLICY POSITION

PROPOSITION 54, regarding state legislative procedures, would prohibit the Legislature from passing any bill unless it has been in print and published on the Internet for at least 72 hours before the vote, except in cases of public emergency. It would require the Legislature to make audiovisual recordings of all its proceedings, except closed session proceedings, and post them on the Internet.

Fiscal impacts per the LAO and State Department of Finance include the following:

- Increased costs to state government of potentially $1 million to $2 million initially and about $1 million annually for making additional legislative proceedings available in audiovisual form on the Internet.

Supporters argue this would increase transparency in California's state government and stop the practice of "gutting and amending" legislation. Supporters of the measure include the League of California Cities, the California Chamber of Commerce, the League of Women Voters, the California NAACP, California Forward and the First Amendment Coalition.

Opponents charge this would introduce unnecessary restrictions on the law crafting process in the legislature and hinder legislators' ability to develop bipartisan solutions for issues. Opponents include the California Labor Federation (AFL-CIO) as the measure would give powerful lobbyists and well-funded special interests time to launch campaigns to attack bipartisan compromises.

Your Board may recall that the County of Marin has previously been subject at times to late and often complex "gut and amend" legislation potentially affecting local property tax revenues, with little to no time for staff analysis.
Staff SEEKS POLICY DIRECTION from your Board regarding a position on Proposition 54, if any.

PROPOSITION 57 is Governor Brown’s sentencing reform to increase parole chances for felons convicted of non-violent crimes. It would allow parole consideration for persons convicted of nonviolent felonies upon completion of full prison term for primary offense by authorizing the Department of Corrections and Rehabilitation to award sentence credits for rehabilitation, good behavior, or educational achievements. It would also provide juvenile court judges to make determination, upon prosecutor motion, whether juveniles age 14 and older should be prosecuted and sentenced as adults.

Fiscal impacts per the LAO and State Department of Finance include the following:

- Net state savings that could range from the tens of millions of dollars to the low hundreds of millions of dollars annually primarily due to a reduction in the prison population from additional paroles granted and credits earned. Net county costs that could range from the millions to tens of millions of dollars annually, declining to a few million dollars after initial implementation of the measure.

Supporters argue this would reduce California’s overcrowded prison population while rehabilitating juvenile and adult inmates because it addresses evidence-based rehabilitation. It would still keep dangerous offenders in prison and save taxpayers millions of dollars. Supporters include Governor Brown, the Chief Probation Officers of California, the California Public Defenders Association, and the California Labor Federation (AFL-CIO).

Opponents argue this could result in higher crime rates. It would also allow criminals convicted of violent crimes to be released early from prison and overturn provisions of victims’ rights legislation like Marsy’s Law, "three strikes," Victim’s Bill of Rights, and the Californians Against Sexual Exploitation Act. It would force victims to relive their experience more often with more parole hearings. Opponents include the California District Attorneys Association. The California State Sheriffs Association has not taken a position on Proposition 57.

CSAC, which took a “No Position” stance on Proposition 57, concludes that “California has undergone major criminal justice reforms in the last few years resulting in counties taking on more responsibility for felony offenders in county jails and on supervision by probation departments. There is a concern that additional reforms will impact the bandwidth of local criminal justice systems."

Staff SEEKS POLICY DIRECTION from your Board regarding a position on Proposition 57, if any.

PROPOSITION 62 would repeal the death penalty in California as maximum punishment for persons found guilty of murder and would replace it with life imprisonment without the possibility of parole. This would apply retroactively to persons already sentenced to death. Persons found guilty of murder and sentenced to life without possibility of parole must work while in prison. It would also increase to
60% the portion of wages earned by persons sentenced to life without the possibility of parole that may be applied to any victim restitution fines or orders against them.

Fiscal impacts per the LAO and State Department of Finance include the following:

- Net reduction in state and local government costs of potentially around $150 million annually within a few years due to the elimination of the death penalty.

Supporters argue this would save taxpayer money by replacing a costly, inefficient system that is unworkable. It would provide criminals the opportunity to work and pay restitution to victims' families and provide victims' families closure. It would eliminate the risk of executing an innocent person. Supporters include the American Civil Liberties Union of Southern California, the California Attorneys for Criminal Justice, and the California Public Defenders Association.

Opponents argue that it would protect the worst criminals while diminishing protection of victims' rights and would cost taxpayers millions of dollars. It would end the death penalty system when it should be mended. Opponents include the California District Attorneys Association and the California State Sheriffs' Association.

Staff SEEK POLICY DIRECTION from your Board regarding a position on Proposition 62, if any.

PROPOSITION 66, which regards speeding up the death penalty process, would change procedures governing state court appeals challenging death penalty convictions and sentences. It would impose time limits on state court death penalty review and require appointed attorneys who take noncapital appeals to accept death penalty appeals. This measure would maintain the death penalty but seeks to shorten the time that the legal challenges to death sentences take.

The State's other voter approved measure related to death penalty (Proposition 62, discussed earlier) is null and void if this measure receives more affirmative votes.

Fiscal impacts per the LAO and State Department of Finance include the following:

- Increased state costs that could be in the tens of millions of dollars annually for several years related to direct appeals and habeas corpus proceedings, with the fiscal impact on such costs being unknown in the longer run. Potential state correctional savings that could be in the tens of millions of dollars annually.

Supporters argue passage would keep the death penalty system, which California needs. It would speed up the death penalty appeals process while ensuring that no innocent person is executed. The worst criminals would receive the strongest sentence. It would provide closure to victims' families. Supporters include the California District Attorneys Association and California State Sheriffs' Association.

Opponents argue that it would cost taxpayers millions of dollars unnecessarily due to increased prison spending, legal defense, death row facility construction, and litigation. It would increase California's risk of executing an innocent person and would remove important legal safeguards. Opponents include the California Democratic Party, Lieutenant. Governor Newsom, and Congressman Jared Huffman.
Because your Board may also consider a position on Proposition 62 repealing the
death penalty, and because Proposition 62 is null and void if Proposition 66 receives
more affirmative votes, your Board may wish to consider a position on both measures
if it supports a position on one.

Staff SEEK POLICY DIRECTION from your Board regarding a position on
Proposition 66, if any.

PROPOSITION 64, regarding marijuana legalization, would legalize marijuana and
hemp under state law and would designate state agencies to license and regulate the
marijuana industry. It would allow adults 21 and older to possess, transport, purchase,
conserve and share up to one ounce, or 28.5 grams of marijuana, 8 grams of
"concentrated cannabis" or edibles, and up to six living cannabis plants of non-medical
marijuana for recreational use. Local governments may still ban outdoor home
cultivation. Using marijuana in public would remain illegal, and driving while impaired
by marijuana would also remain illegal.

Proposition 64 would impose state excise tax on retail sales of marijuana equal to
15% of sales price, and state cultivation taxes on marijuana of $9.25 per ounce of
flowers and $2.75 per ounce of leaves, while exempting medical marijuana from some
taxation. It would establish packaging, labeling, advertising, and marketing standards
and restrictions for marijuana products, and would allow local governments to regulate
non-medical marijuana businesses through zoning and other laws, including requiring
businesses to obtain local permits or licenses in addition to state licenses. According
to CSAC, the measure aligns with recently chaptered medical marijuana legislation
and allows local governments to establish their own taxes on medical and non-medical
marijuana.

Fiscal impacts per the LAO and State Department of Finance include the following:

- Net reduced costs ranging from tens of millions of dollars to potentially exceeding
  $100 million annually to state and local governments related to enforcing certain
  marijuana-related offenses, handling the related criminal cases in the court
  system, and incarcerating and supervising certain marijuana offenders.
- Net additional state and local tax revenues potentially ranging from the high
  hundreds of millions of dollars to over $1 billion annually related to the production
  and sale of marijuana. Most of these funds would be required to be spent for
  specific purposes such as substance use disorder education, prevention, and
  treatment.

Supporters argue this measure has specific safeguards that would protect children
while allowing responsible use of adult marijuana. It would incorporate best practices
from other states that already legalized marijuana use and would adhere to
recommendations provided by California's Blue Ribbon Commission on Marijuana
Policy. It would generate tax revenue and decrease law enforcement costs, providing
funding for things like afterschool programs, drug prevention education and
drug/alcohol addiction treatment, law enforcement training and research on impaired
driving, and other programs. Supporters include the California Medical Association,
California Democratic Party, California NAACP, ACLU of California, California
Opponents argue that it would result in more highway fatalities and more impaired driving and allow marijuana growing near schools and parks, and would erode local control. It would increase black market and drug cartel activity and allow marijuana smoking advertisements to be aired. It would hurt underprivileged neighborhoods. Opponents include the California Hospital Association, Small Growers Association, California Correctional Supervisor’s Association and the California Police Chiefs Association.

**Local Control Provisions:** CSAC analysis concludes that Proposition 64 allows local government to establish their own taxes on medical and nonmedical marijuana consistent with existing state law. Explicit authority is granted to counties to levy a tax on cultivating, manufacturing, producing, processing, preparing, storing, providing, donating, selling or distributing marijuana, pursuant to existing voter-approval requirements. Proposition 64 respects local government police powers to ban commercial marijuana activity within their respective jurisdiction by ordinance. However, no local jurisdiction may ban the consumption of marijuana within its jurisdiction, or the allowance of up to six plants for personal use.

**State Revenues:** Regarding the new statewide 15% excise tax, 60% of revenues would be directed toward public health and education programs focused on minors that provide treatment and counseling, and educate against and prevent substance abuse. 20% would go toward training local law enforcement to administer the new laws. Another 20% would go toward environmental cleanup, remediation and restoration of public lands damaged by cultivation, as well as environmental enforcement against illegal water diversion, cultivation and distribution and use of marijuana on public lands.

While CSAC adopted a “No Position” stance, CSAC concludes that “the legalization of non-medical marijuana will undoubtedly have a significant impact on local government. However, Prop 64 was written with these issues in mind and many, if not the majority, of CSAC’s comments and suggestions were incorporated into the ballot measure.”

Staff **SEEKS POLICY DIRECTION** from your Board regarding a position on Proposition 64, if any.

**C. NO POLICY POSITION RECOMMENDED**

**PROPOSITION 51**, regarding school bonds, would authorize $9 billion in general obligation bonds for education and schools with $3 billion going to new construction and $3 billion for modernization of K-12 public school facilities; $1 billion for charter schools and vocational education facilities; and $2 billion for California Community Colleges facilities.

Fiscal impacts per the Legislative Analyst’s Office (LAO) and State Department of Finance include the following:

- State General Fund costs of $17.6 billion to pay off principal ($9 billion) and interest ($8.6 billion) on bonds over a period of 35 years. Annual payments would
average $500 million. Annual payments would be relatively low in the initial and final few years and somewhat higher in the intervening years.

Supporters argue that this measure will provide safe and secure schools by retrofitting facilities for earthquake safety, removal of lead, and asbestos. Every $1 billion state infrastructure investment also creates 13,000 jobs including building and construction jobs. The bond also provides for disadvantaged school districts and local control. Supporters include the California State Parent Teacher Association (PTA), the State Building and Construction Trades Council of California, the California Labor Federation (AFL-CIO), and the California Chamber of Commerce.

Opponents charge that this measure would put California further into debt; state officials, not local governments, would control the state bonds controlling; and well-funded school districts can apply and receive more money than smaller, poorer school districts. Opponents include Governor Brown.

Staff recommends **NO POSITION** on Proposition 51.

**PROPOSITION 58**, regarding non-English language education, would repeal Proposition 227 of 1998, thus allowing for non-English languages to be used in public educational instruction.

The LAO and State Department of Finance did not provide a fiscal impact.

Supporters argue this would allow all students to become proficient in English and encourage schools to use instruction programs rather than expand multilingual education, thereby providing English speakers the opportunity to learn a second language. It would also restore local control for California schools. Supporters include Governor Brown and the California Teachers Associations (CTA).

Opponents argue that it would repeal the requirement that California children be taught English in public schools and enable the legislature to reestablish Spanish-Almost-Only instruction in public schools. Opponents include the California Republican Party.

Staff recommends **NO POSITION** on Proposition 58.

**PROPOSITION 60**, regarding condom use in porn, would require performers in adult films to use condoms during filming. It would require producers of adult films to pay for performer vaccinations, testing, and medical examinations related to sexually transmitted infections. It would require producers to obtain state health license at the beginning of filming and to post condom requirement at film sites.

Fiscal impacts per the LAO and State Department of Finance include the following:

- Potentially reduced state and local tax revenue of millions or tens of millions of dollars per year. Likely state costs of a few million dollars annually to administer the law. Possible ongoing net costs or savings for state and local health and human services programs.
Supporters argue this would hold pornographers accountable for work safety and health by reducing the risk of sexually transmitted diseases for adult performers and the larger community. It would save taxpayer money in that taxpayers would have to pay for fewer treatments for sexually transmitted diseases and other related diseases. Supporters include the AIDS Healthcare Foundation. Opponents argue that it would lead to many lawsuits that could threaten the safety of adult performers. It would violate worker privacy and instate the proponent as a state employee who would review pornographic films for infractions, and only legislators would be able to vote the proponent out of the position if necessary. Opponents include the Free Speech California and the California Republican Party.

Staff recommends **NO POSITION** on Proposition 60.

**PROPOSITION 61**, regarding prescription drug costs, would prohibit state agencies from paying more for a prescription drug than the lowest price paid for the same drug by the U.S. Department of Veterans Affairs. This would apply to any program where the state is the ultimate payer for a drug, even if the state does not purchase the drug directly. It would exempt certain purchases of prescription drugs funded through Medi-Cal.

Fiscal impacts per the LAO and State Department of Finance are difficult to assess, but could include "substantial net change in state or local finances."

Supporters argue this would stop price-gouging from drug companies and provide better access to live-saving drugs. It would save taxpayers billions of dollars in healthcare costs. Supporters include AARP, the California Nurses Association, and the National Union of Healthcare Workers.

Opponents argue that it would increase state prescription drug costs and reduce patient access to medicines. Opponents include the major drug companies, the California Medical Association, and the Veterans of Foreign Wars (VFW), Department of California.

Staff recommends **NO POSITION** on Proposition 61.

Please feel free to contact us should you have any questions or concerns regarding any of the above ballot measures.

Submitted by: 

[Signature]
Ralph P. Hernandez
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Reviewed by: 

[Signature]
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Attachment A: Quick-Reference Guide, California Secretary of State