

QUICK REFERENCE GUIDE



California General Election Tuesday, November 3, 2020

Polls Are Open From 7:00 a.m. to 8:00 p.m. on Election Day!



VOTE SAFE CALIFORNIA



Pull out this Reference Guide and take it with you to the polls!

This pull-out reference guide contains summary and contact information for each state proposition appearing on the November 3, 2020, ballot.

Special Notice

- Polls are open from 7:00 a.m. to 8:00 p.m. on Election Day.
- Instructions on how to vote can be obtained from a poll worker or by reading your county Voter Information Guide.
- New voters may be asked to provide identification or other documentation according to federal law. You have the right to cast a provisional ballot, even if you do not provide the documentation.
- Only eligible voters can vote.
- It is against the law to tamper with voting equipment.

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PROP 14 AUTHORIZES BONDS CONTINUING STEM CELL RESEARCH. INITIATIVE STATUTE.

SUMMARY *Put on the Ballot by Petition Signatures*

Authorizes \$5.5 billion state bonds for: stem cell and other medical research, including training; research facility construction; administrative costs. Dedicates \$1.5 billion to brain-related diseases. Appropriates General Fund moneys for repayment. Expands related programs. Fiscal Impact: Increased state costs to repay bonds estimated at about \$260 million per year over the next roughly 30 years.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The state could sell \$5.5 billion in general obligation bonds primarily for stem cell research and the development of new medical treatments in California.

NO A NO vote on this measure means: The state could not sell \$5.5 billion in general obligation bonds primarily for stem cell research and the development of new medical treatments in California.

ARGUMENTS

PRO Prop. 14 funds further development of treatments and cures for chronic, life-threatening diseases like Cancer, Alzheimer's, Heart Disease, Diabetes, Parkinson's, Kidney Disease. Builds on 2,900 medical discoveries; increases patient access & affordability; stimulates California's economy; ensures strict accountability. Doctors, Nobel Prize Scientists, over 70 leading Patient Advocate Organizations, urge YES on 14.

CON No on Prop. 14. Would commit \$7.8 billion we cannot afford during this economic and budget crisis. Funds a state agency with management challenges and poor results after \$3 billion already spent. Servicing debt of Prop. 14 could increase pressure for higher taxes or layoffs of nurses, first responders and other public employees.

FOR ADDITIONAL INFORMATION

FOR

YES on 14: Californians for Stem Cell Research, Treatments and Cures
P.O. Box 20368
Stanford, CA 94309
(888) 307-3550
YESon14@CAforCures.com
www.YESon14.com

AGAINST

John Seiler
P.O. Box 25683
Santa Ana, CA 92799
(714) 376-0109
writejohnseiler@gmail.com

PROP 15 INCREASES FUNDING SOURCES FOR PUBLIC SCHOOLS, COMMUNITY COLLEGES, AND LOCAL GOVERNMENT SERVICES BY CHANGING TAX ASSESSMENT OF COMMERCIAL AND INDUSTRIAL PROPERTY. INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY *Put on the Ballot by Petition Signatures*

Taxes such properties based on current market value, instead of purchase price. Fiscal Impact: Increased property taxes on commercial properties worth more than \$3 million providing \$6.5 billion to \$11.5 billion in new funding to local governments and schools.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Property taxes on most commercial properties worth more than \$3 million would go up in order to provide new funding to local governments and schools.

NO A NO vote on this measure means: Property taxes on commercial properties would stay the same. Local governments and schools would not get new funding.

ARGUMENTS

PRO Prop. 15 is a fair and balanced reform that: closes property tax loopholes benefitting wealthy corporations, cuts taxes for small businesses, protects homeowners and renters, requires full transparency and reclaims billions of dollars for schools and local communities. Supported by nurses, teachers, small business owners, affordable housing advocates and community organizations.

CON Prop 15 is a \$12.5 billion property tax increase that raises our cost of living and makes everything we buy - food, gas, utilities, day care and health care - more expensive. Prop 15 repeals taxpayer protections in Prop 13. NO on Prop 15!

FOR ADDITIONAL INFORMATION

FOR

Tracy Zeluff
Schools and Communities
First—Yes on Prop 15
731 South Spring St.
Los Angeles, CA 90014
(213) 935-8009
info@schoolsandcommunitiesfirst.org
yes15.org

AGAINST

No on Prop 15—Stop Higher Property Taxes and Save Prop 13
(916) 538-0376
info@NOonProp15.org
www.NOonProp15.org

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PROP 16 ALLOWS DIVERSITY AS A FACTOR IN PUBLIC EMPLOYMENT, EDUCATION, AND CONTRACTING DECISIONS. LEGISLATIVE CONSTITUTIONAL AMENDMENT.

PROP 17 RESTORES RIGHT TO VOTE AFTER COMPLETION OF PRISON TERM. LEGISLATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by the Legislature

Permits government decision-making policies to consider race, sex, color, ethnicity, or national origin in order to address diversity by repealing constitutional provision prohibiting such policies. Fiscal Impact: No direct fiscal effect on state and local entities. The effects of the measure depend on the future choices of state and local government entities and are highly uncertain.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: State and local entities could consider race, sex, color, ethnicity, and national origin in public education, public employment, and public contracting to the extent allowed under federal and state law.

NO A NO vote on this measure means: The current ban on the consideration of race, sex, color, ethnicity, and national origin in public education, public employment, and public contracting would remain in effect.

ARGUMENTS

PRO Prop. 16 expands equal opportunity to all Californians, increasing access to fair wages, good jobs, and quality schools for everyone. Prop. 16 fights wage discrimination and systemic racism, opening up opportunities for women and people of color. Supported by League of Women Voters of California, California Federation of Teachers, Minority Business Consortium, and state higher education leaders. Vote YesOnProp16.org

CON Politicians want to strip our Constitution of its prohibition on discrimination and preferential treatment based on race, sex, color, ethnicity or national origin. They want to play favorites. If there's anything that should be fundamental in our society it's that the state should treat all Californians equally. VOTE NO.

FOR ADDITIONAL INFORMATION

FOR

Yes on 16, Opportunity for All Coalition
1901 Harrison Street,
Suite 1550
Oakland, CA 94612
(323) 347-1789
info@voteyesonprop16.org
VoteYesOnProp16.org

AGAINST

Ward Connerly, President
Gail Heriot and
Manuel Klausner, Co-chairs
Californians for Equal Rights
No on 16
P.O. Box 26935
San Diego, CA 92196
info@californiansforequalrights.org
<https://californiansforequalrights.org/>

SUMMARY

Put on the Ballot by the Legislature

Restores voting rights upon completion of prison term to persons who have been disqualified from voting while serving a prison term. Fiscal Impact: Annual county costs, likely in the hundreds of thousands of dollars statewide, for voter registration and ballot materials. One-time state costs, likely in the hundreds of thousands of dollars, for voter registration cards and systems.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: People on state parole who are U.S. citizens, residents of California, and at least 18 years of age would be able to vote, if they register to vote.

NO A NO vote on this measure means: People on state parole would continue to be unable to vote in California.

ARGUMENTS

PRO Prop. 17 restores a citizen's right to vote after they finish their prison term—aligning California with other states. A recent parole commission report found that citizens who complete their prison terms and have their voting rights restored are less likely to commit future crimes. Yes on Prop. 17.

CON Vote NO on Proposition 17 because it: • Amends California's Constitution to grant violent criminals the right to vote before completing their sentence including parole. • Allows criminals convicted of murder, rape and child molestation to vote before paying their debt to society. • Denies justice to crime victims.

FOR ADDITIONAL INFORMATION

FOR

Dana Williamson
Free the Vote, Yes on Prop. 17
1787 Tribute Road, Suite K
Sacramento, CA 95815
(916) 382-4686
YesonProp17@gmail.com
Yeson17.vote

AGAINST

Ruth Weiss
Election Integrity Project
California
27943 Seco Canyon Rd. #521
Santa Clarita, CA 91350
ruthweiss@eip-ca.com
www.eip-ca.com

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**PROP
18**

AMENDS CALIFORNIA CONSTITUTION TO PERMIT 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. LEGISLATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by the Legislature

Fiscal Impact: Increased statewide county costs likely between several hundreds of thousands of dollars and \$1 million every two years. Increased one-time costs to the state of hundreds of thousands of dollars.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Eligible 17-year-olds who will be 18 years old by the time of the next general election may vote in the primary election and any special elections preceding the general election.

NO A NO vote on this measure means: No one younger than 18 years of age may vote in any election.

ARGUMENTS

PRO Proposition 18 will allow first-time voters to participate in a full election cycle provided that they are 18 by the time of the general election. This measure is needed to boost youth civic engagement in our elections and help create more lifelong participants in the most fundamental process of democracy.

CON Science and legal consistency demand a NO vote on Proposition 18. Law prohibits younger teens from smoking, drinking and even tanning because research shows the logic and reasoning area of their brains is not fully developed. Those abilities are vital to responsible voting. We must not lower the voting age.

FOR ADDITIONAL INFORMATION

FOR

Assemblymember Kevin Mullin
info@caprop18.com
CAprop18.com

AGAINST

Ruth Weiss
Election Integrity Project
California
27943 Seco Canyon Rd. #521
Santa Clarita, CA 91350
(661) 313-5251
info@eip-ca.com
www.eip-ca.com

**PROP
19**

CHANGES CERTAIN PROPERTY TAX RULES. LEGISLATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by the Legislature

Allows homeowners who are over 55, disabled, or wildfire/disaster victims to transfer primary residence's tax base to replacement residence. Changes taxation of family-property transfers. Establishes fire protection services fund. Fiscal Impact: Local governments could gain tens of millions of dollars of property tax revenue per year, probably growing over time to a few hundred million dollars per year. Schools could receive similar property tax gains.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: All homeowners who are over 55 (or who meet other qualifications) would be eligible for property tax savings when they move. Only inherited properties used as primary homes or farms would be eligible for property tax savings.

NO A NO vote on this measure means: Some homeowners who are over 55 (or who meet other qualifications) would continue to be eligible for property tax savings when they move. All inherited properties would continue to be eligible for property tax savings.

ARGUMENTS

PRO Prop. 19 Limits Taxes on Seniors, Severely Disabled Homeowners, and Wildfire Victims; CLOSES unfair tax loopholes used by wealthy out-of-state investors; and PROTECTS Prop. 13 savings. Join Disability Rights and Senior/Housing Advocates, Firefighters, Emergency Medical Responders, Business & Labor, Democrats & Republicans. Get the Facts at YESon19.vote.

CON Proposition 19 is a billion-dollar tax increase on families. It takes away one of the best tools parents have to help their children—the right, enshrined in California's Constitution since 1986, to pass their home and other property on without any increase in property taxes. VOTE NO ON 19.

FOR ADDITIONAL INFORMATION

FOR

Yes on 19
(916) 492-5210
info@Yeson19.vote
www.Yeson19.vote.

AGAINST

Howard Jarvis Taxpayers Association
921 11th St #1201
Sacramento, CA 95814
(916) 444-9950
(213) 384-9656
info@hjta.org
www.HJTA.org

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**PROP
20**

RESTRICTS PAROLE FOR CERTAIN OFFENSES CURRENTLY CONSIDERED TO BE NON-VIOLENT. AUTHORIZES FELONY SENTENCES FOR CERTAIN OFFENSES CURRENTLY TREATED ONLY AS MISDEMEANORS. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Limits access to parole program established for non-violent offenders who have completed the full term of their primary offense by eliminating eligibility for certain offenses. Fiscal Impact: Increase in state and local correctional, court, and law enforcement costs likely in the tens of millions of dollars annually, depending on implementation.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: People who commit certain theft-related crimes (such as repeat shoplifting) could receive increased penalties (such as longer jail terms). Additional factors would be considered for the state's process for releasing certain inmates from prison early. Law enforcement would be required to collect DNA samples from adults convicted of certain misdemeanors.

NO A NO vote on this measure means: Penalties for people who commit certain theft-related crimes would not be increased. There would be no change to the state's process for releasing certain inmates from prison early. Law enforcement would continue to be required to collect DNA samples from adults only if they are arrested for a felony or required to register as sex offenders or arsonists.

ARGUMENTS

PRO Proposition 20 closes a loophole in the law that now allows convicted child molesters, sexual predators and others convicted of violent crimes to be released from prison early. Proposition 20 also expands DNA collection to help solve rapes, murders and other serious crimes, and strengthens sanctions against habitual thieves who steal repeatedly.

CON Prop. 20 is a prison spending scam. California already has severe and lengthy sentences—including life in prison—for serious and violent crimes. Prison special interests want to scare you into spending tens of millions on prisons which could force draconian cuts to rehabilitation, schools, mental health, and homelessness.

FOR ADDITIONAL INFORMATION

FOR

Nina Salarno Besselman,
Proponent
Yes on 20—Keep California
Safe
YesOn20.org

AGAINST

Dana Williamson
Stop the Prison Spending
Scam, No on Prop 20
1787 Tribute Road, Suite K
Sacramento, CA 95815
(916) 382-4686
NoOnProp20@gmail.com
NoProp20.vote

**PROP
21**

EXPANDS LOCAL GOVERNMENTS' AUTHORITY TO ENACT RENT CONTROL ON RESIDENTIAL PROPERTY. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Allows local governments to establish rent control on residential properties over 15 years old. Local limits on rate increases may differ from statewide limit. Fiscal Impact: Overall, a potential reduction in state and local revenues in the high tens of millions of dollars per year over time. Depending on actions by local communities, revenue losses could be less or more.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: State law would allow cities and counties to apply more kinds of rent control to more properties than under current law.

NO A NO vote on this measure means: State law would maintain current limits on rent control laws cities and counties can apply.

ARGUMENTS

PRO Proposition 21 is the change we need to tackle homelessness. A YES Vote on Proposition 21 is a vote to keep families in their homes. A strong coalition of elected leaders; affordable housing providers; and senior, veteran, and homeless advocates agree that Proposition 21 will help prevent homelessness.

CON Prop. 21 will make California's housing crisis worse. Prop. 21 undermines the strongest statewide rent control law in the nation, costs jobs, reduces home values, stops new housing from being built, and eliminates homeowner protections while providing no protections for renters, seniors, veterans or the disabled.

FOR ADDITIONAL INFORMATION

FOR

Yes on 21—Renters and
Homeowners United to Keep
Families in Their Homes
6500 Sunset Blvd.
Los Angeles, CA 90028
(323) 962-0140
contact@YesOn21CA.org
www.YesOn21CA.org

AGAINST

info@noonprop21.vote
<https://noonprop21.vote/>

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**PROP
22**

EXEMPTS APP-BASED TRANSPORTATION AND DELIVERY COMPANIES FROM PROVIDING EMPLOYEE BENEFITS TO CERTAIN DRIVERS. INITIATIVE STATUTE.

**PROP
23**

ESTABLISHES STATE REQUIREMENTS FOR KIDNEY DIALYSIS CLINICS. REQUIRES ON-SITE MEDICAL PROFESSIONAL. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Classifies app-based drivers as “independent contractors,” instead of “employees,” and provides independent-contractor drivers other compensation, unless certain criteria are met. Fiscal Impact: Minor increase in state income taxes paid by rideshare and delivery company drivers and investors.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: App-based rideshare and delivery companies could hire drivers as independent contractors. Drivers could decide when, where, and how much to work but would not get standard benefits and protections that businesses must provide employees.

NO A NO vote on this measure means: App-based rideshare and delivery companies would have to hire drivers as employees if the courts say that a recent state law makes drivers employees. Drivers would have less choice about when, where, and how much to work but would get standard benefits and protections that businesses must provide employees.

ARGUMENTS

PRO Yes on 22 PROTECTS app-based drivers' choice to be independent contractors—by 4:1 margin drivers support independence! • SAVES rideshare, delivery services & hundreds of thousands of jobs • PROVIDES drivers new benefits, earnings guarantee • STRENGTHENS public safety • ENDORSED by overwhelming majority of drivers, community, public safety, small business groups • VoteYesProp22.com

CON No on 22 stops billion-dollar app companies like Uber, Lyft, and DoorDash from writing their own exemption to California law and profiting from it. 22 denies their drivers rights and safety protections they deserve: sick leave, healthcare and unemployment. Companies profit; exploited drivers lose rights and protections. Vote NO.

FOR ADDITIONAL INFORMATION

FOR

Yes on 22—Save App-Based Jobs & Services
(877) 581-8711
info@protectdriversandservices.com
www.VoteYesProp22.com

AGAINST

No on Prop 22, Slam the Brakes on Uber, Lyft and DoorDash
600 Grand Avenue #410
Oakland, CA 94610
(213) 537-4863
info@nooncaprop22.com
nooncaprop22.com

SUMMARY

Put on the Ballot by Petition Signatures

Requires physician, nurse practitioner or physician assistant on site during dialysis treatment. Prohibits clinics from reducing services without state approval. Prohibits clinics from refusing to treat patients based on payment source. Fiscal Impact: Increased state and local government costs likely in the low tens of millions of dollars annually.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Chronic dialysis clinics would be required to have a doctor on-site during all patient treatment hours.

NO A NO vote on this measure means: Chronic dialysis clinics would not be required to have a doctor on-site during all patient treatment hours.

ARGUMENTS

PRO Combats poor hygiene in dialysis clinics by requiring infection reporting. Improves staffing, including requiring a doctor in clinics during treatment. Stops discrimination based on patients' insurance. Applies improvements to ALL clinics, whether in wealthy neighborhoods or poor, rural, Black or Brown communities. Patients, healthcare professionals, veterans, faith leaders agree:
YesOnProp23.com

CON American Nurses Association\ California, California Medical Association, patient advocates strongly urge NO on 23! Prop. 23 would force many community dialysis clinics to shut down—threatening the lives of 80,000 California patients who need dialysis to survive. Prop. 23 increases health care costs by hundreds of millions annually; makes our doctor shortage and ER overcrowding worse.
NoProposition23.com

FOR ADDITIONAL INFORMATION

FOR

Yes on Prop 23: Better Care for Dialysis Patients
(888) 251-5367
info@YesOnProp23.com
www.YesOnProp23.com

AGAINST

No on 23—Stop the Dangerous & Costly Dialysis Proposition
(888) 424-0650
info@NoProposition23.com
www.NoProposition23.com

QUICK REFERENCE GUIDE

PROP 24 AMENDS CONSUMER PRIVACY LAWS. INITIATIVE STATUTE.

SUMMARY *Put on the Ballot by Petition Signatures*

Permits consumers to: prevent businesses from sharing personal information, correct inaccurate personal information, and limit businesses' use of "sensitive personal information," including precise geolocation, race, ethnicity, and health information. Establishes California Privacy Protection Agency. Fiscal Impact: Increased annual state costs of at least \$10 million, but unlikely exceeding low tens of millions of dollars, to enforce expanded consumer privacy laws. Some costs would be offset by penalties for violating these laws.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Existing consumer data privacy laws and rights would be expanded. Businesses required to meet privacy requirements would change. A new state agency and the state's Department of Justice would share responsibility for overseeing and enforcing state consumer privacy laws.

NO A NO vote on this measure means: Businesses would continue to be required to follow existing consumer data privacy laws. Consumers would continue to have existing data privacy rights. The state's Department of Justice would continue to oversee and enforce these laws.

ARGUMENTS

PRO YES ON PROP. 24 TO STRENGTHEN PRIVACY RIGHTS
Parents, Common Sense Media, the California NAACP and a Nobel Prize winning economist say vote YES on PROP. 24. Make privacy laws stronger! Protect kids online! Strengthen privacy laws and hold corporations accountable when they violate your fundamental rights. YES ON PROP. 24!

CON Proposition 24 reduces your privacy rights in California. Proposition 24 allows "pay for privacy" schemes, makes workers wait years to learn what confidential information employers collect on them, and makes it harder to stop tech giants from selling your information. Proposition 24 was written behind closed doors with input from social media corporations.

FOR ADDITIONAL INFORMATION

FOR
Robin Swanson
Californians for Consumer Privacy
1020 16th Street #31
Sacramento, CA 95814
(916) 440-0424
info@caprivacy.org
www.caprivacy.org

AGAINST
Californians For Real Privacy
CaliforniansForRealPrivacy.org
mail@RealPrivacyNoOn24.org
(415) 634-0335

PROP 25 REFERENDUM ON LAW THAT REPLACED MONEY BAIL WITH SYSTEM BASED ON PUBLIC SAFETY AND FLIGHT RISK.

SUMMARY *Put on the Ballot by Petition Signatures*

A "Yes" vote approves, and a "No" vote rejects, law replacing money bail with system based on public safety and flight risk. Fiscal Impact: Increased costs possibly in mid hundreds of millions of dollars annually for a new process for release from jail prior to trial. Decreased county jail costs, possibly in high tens of millions of dollars annually.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: No one would pay bail to be released from jail before trial. Instead, people would either be released automatically or based on their assessed risk of committing another crime or not appearing in court if released. No one would be charged fees as a condition of release.

NO A NO vote on this measure means: Some people would continue to pay bail to be released from jail before trial. Other people could continue to be released without paying bail. Fees may continue to be charged as a condition of release.

ARGUMENTS

PRO Yes on 25 replaces money bail with a fairer, safer and less costly process. Currently, if a person can afford to pay a bail bond company, they go free until trial. If they can't afford to pay, even if they're innocent, they stay in jail. That's blatant discrimination. Vote YES.

CON Prop. 25 was written by Sacramento politicians to take away every Californian's option to post bail and replaces this right with a new DISCRIMINATORY system of computer-generated PROFILING administered by government bureaucrats—costing taxpayers hundreds of millions of dollars a year. Prop. 25 is unfair, unsafe and costly. Vote NO on Prop. 25.

FOR ADDITIONAL INFORMATION

FOR
Yes on Prop. 25, End Money Bail
1130 K Street, Suite 300
Sacramento, CA 95814
(213) 373-5225
info@yesoncaprop25.com
yesoncaprop25.com

AGAINST
No on Prop. 25—Stop the Unfair, Unsafe and Costly Ballot Proposition
(916) 209-0144
info@stopprop25.com
StopProp25.com



Proposition 14

AUTHORIZES BONDS CONTINUING STEM CELL RESEARCH. INITIATIVE STATUTE.

ANALYSIS OF MEASURE

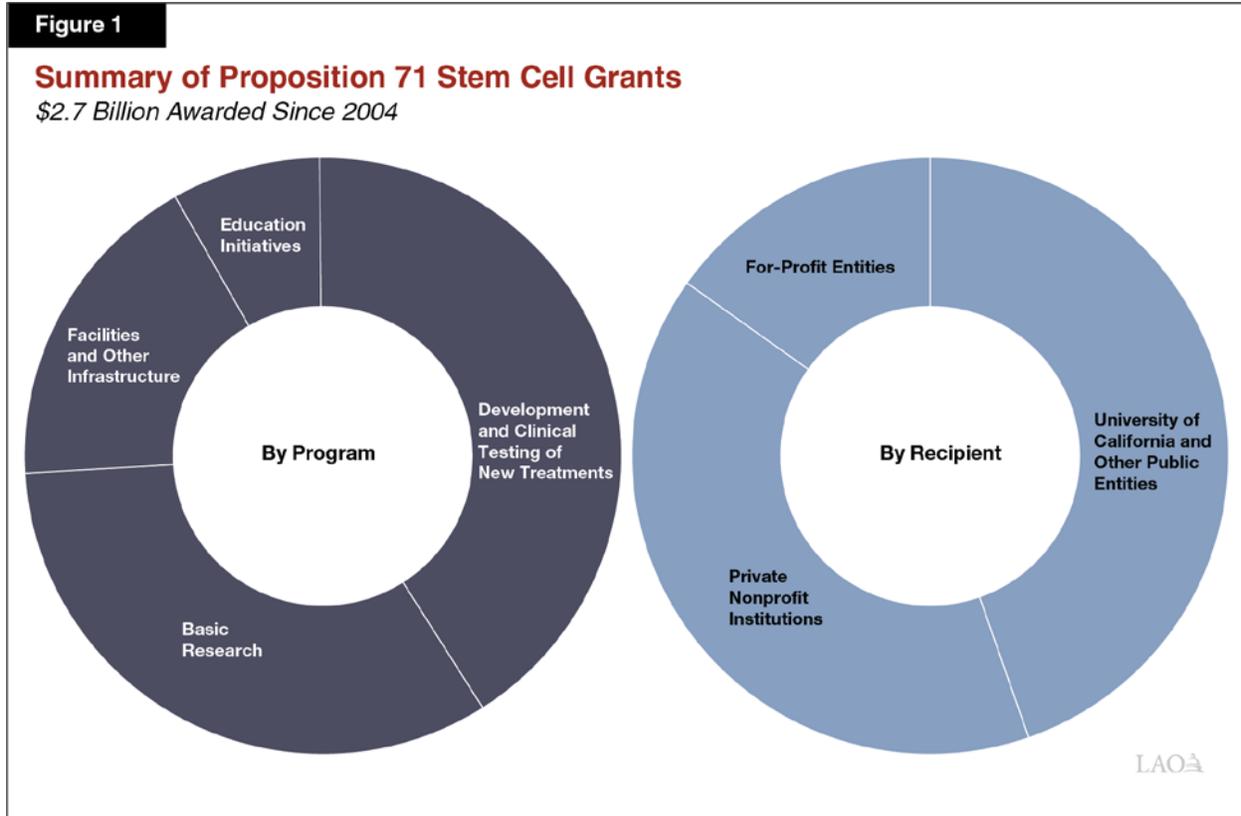
Background

Researchers Use Stem Cells to Study and Treat Many Diseases. Stem cells are certain types of cells that exist within humans. Researchers are interested in stem cells for their potential to regenerate cells, tissues, and organs, thereby potentially helping to treat or cure certain diseases. Researchers engaged in “regenerative medicine” are focused on addressing many diseases, including Alzheimer’s disease, HIV/AIDS, stroke, diabetes, and cancer.

Voters Approved Earlier Stem Cell Ballot Measure. In 2004, voters approved Proposition 71, which added a provision to the State Constitution affirming the right of researchers in California to conduct stem cell research. The measure also created the California Institute for Regenerative Medicine (CIRM), primarily for the purpose of providing grants to universities and other entities in California to support stem cell research, development of new treatments, clinical trials, new research facilities, and other related activities. The measure also established (1) a governing board to adopt CIRM policies and allocate grant funds, (2) three advisory working groups to help guide the governing board on certain matters, and (3) an independent oversight committee to review CIRM’s finances.

Measure Allowed State to Issue General Obligation Bonds. Proposition 71 allowed the state to sell \$3 billion in general obligation bonds, which are a form of borrowing. The state sold the bonds to investors, and the money generated from these sales funded CIRM grants and operations. After selling bonds, the state has been repaying investors with interest over many years. As is typically the case with these kinds of bonds, the state has made most debt payments from the General Fund—the state’s main operating account, which pays for education, prisons, health care, and other public services. The measure required that a small amount of interest be paid by funds from the bond sales. (For more information on the state’s use of bonds, see “Overview of State Bond Debt” later in this guide.)

Grants Have Funded Several Purposes. Figure 1 shows how CIRM has used its grant funding. Funded projects have involved conducting basic science research (such as laboratory research on stem cells), developing potential treatments, and undertaking clinical trials. Grant funds also have supported other activities, including construction of new research facilities and research internships for college students. The University of California has received the greatest amount of grant funding, followed by private nonprofit universities and institutions (such as Stanford University). In addition to receiving a grant from CIRM, many grant recipients receive additional funding from other sources for their projects. Other common fund sources are industry contributions, private donations, and federal grants.



Grant Recipients Are Required to Share Invention-Related Income With the State. Some stem cell research can lead to new inventions, including new medical technologies and treatments. Proposition 71 required grant recipients who license or sell their inventions to share a portion of the resulting income with the state. The state's share of the income is deposited into the General Fund and may be used to support any state program. Over the years, CIRM's governing board has developed rules for how income revenue is shared with the state. The state began receiving income from CIRM-funded inventions in 2017. To date, these inventions have provided of total of approximately \$350,000 to the state.

CIRM Has Spent Nearly All Available Funds. As of June 2020, CIRM had spent most of its Proposition 71 funds. According to CIRM, around \$30 million remains available for grants. As it nears the end of its funding, CIRM has been decreasing its staffing. The institute currently employs 35 full-time staff, down from its peak of over 50 full-time staff. It plans to maintain some staff for the next few years as remaining projects are completed.

Proposal

Authorizes New Bonds for Stem Cell Activities. Proposition 14 allows the state to sell \$5.5 billion in general obligation bonds. The bonds primarily would fund additional grants to support research and the development of treatments (including clinical trials) for many diseases. The proposition sets aside at least \$1.5 billion specifically to research and develop treatments for diseases affecting the brain and central nervous system (such as Alzheimer's disease and Parkinson's disease). The proposition directs CIRM to allocate a small share of grant funding for training opportunities for students at the California State University and the California Community Colleges, as well as a small share for helping to

establish and support facilities focused on research and clinical trials. For some types of grants, CIRM would be required to ensure grant recipients are located across the state and prioritize applicants that offer matching funds. The proposition allows CIRM to spend no more than 7.5 percent of bond funds on its administrative costs.

Establishes Certain Rules Relating to the Bonds. The proposition limits the amount of bonds the state could sell to \$540 million per year, thereby spreading out bond sales over at least 11 years. For the first five years after the proposition is approved, the state would make interest payments using funds from the bond sales, thereby reducing the amount of bond funding available for research projects. Beginning January 1, 2026, the state would no longer use funds from bond sales to make interest payments. Instead, the state would make remaining debt payments from the General Fund.

Makes Numerous Changes to CIRM. Most notably, the proposition makes several changes intended to improve patient access to stem cell treatments. The proposition allows CIRM to hire up to 15 full-time employees specifically for developing policies and programs relating to improving access to and affordability of treatments for patients. (The institute would be allowed up to 70 full-time employees for other operational purposes.) A new advisory working group of experts would support CIRM's governing board in these matters. Further, any invention-related revenue that is deposited into the General Fund would be used to help pay for patients' regenerative medicine treatments. Among various other changes, the proposition also increases the number of members on CIRM's governing board from 29 to 35.

Fiscal Effects

Total Estimated State Costs of \$7.8 Billion. The cost to repay the bonds authorized by this proposition depends on various factors, such as the interest rates on the bonds and the time period over which they are repaid. We estimate the total cost to pay off the bonds would be \$7.8 billion—\$5.5 billion for the principal and \$2.3 billion for the interest. State costs would average **about \$260 million per year for about 30 years**. This amount is less than 1 percent of the state's current General Fund budget.

Difficult to Estimate Invention-Related Income Available for Patients' Treatment Costs. The amount of revenue from new inventions that would be available to the state for helping to cover costs for patients' regenerative medicine treatments is uncertain. Many times, research does not lead to an invention. Also, a significant amount of time typically passes from starting a research project to licensing or selling an associated invention. To date, the state has collected a few hundred thousand dollars in invention-related income. Past revenue collections, however, might not accurately predict future revenue.

Other Possible Fiscal Effects. The proposition could result in numerous indirect effects on state and local governments. For example, if the proposition were to result in new treatments, state and local government costs for some programs such as Medi-Cal, the state's subsidized health care program for low-income people, could be affected. The net fiscal impact of the indirect effects of this proposition is unknown.

YES/NO STATEMENT

A **YES** vote on this measure means: The state could sell \$5.5 billion in general obligation bonds primarily for stem cell research and the development of new medical treatments in California.

A **NO** vote on this measure means: The state could not sell \$5.5 billion in general obligation bonds primarily for stem cell research and the development of new medical treatments in California.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- Increased state costs to repay bonds estimated at about \$260 million per year over the next roughly 30 years.

Summary of State Costs	
New Borrowing	
Principal	\$5.5 billion
Interest	2.3 billion
Total Estimated Cost	\$7.8 billion
Payments	
Average annual cost	\$260 million
Assumed payment period	30 years
Source of payments	Primarily General Fund tax revenue

BALLOT LABEL

Fiscal Impact: Increased state costs to repay bonds estimated at about \$260 million per year over the next roughly 30 years.



Proposition 15

INCREASES FUNDING SOURCES FOR PUBLIC SCHOOLS, COMMUNITY COLLEGES, AND LOCAL GOVERNMENT SERVICES BY CHANGING TAX ASSESSMENT OF COMMERCIAL AND INDUSTRIAL PROPERTY. INITIATIVE CONSTITUTIONAL AMENDMENT.

ANALYSIS OF MEASURE

Background

Local Governments Tax Property. California cities, counties, schools, and special districts (such as a fire protection district) collect property taxes from property owners based on the value of their property. Property taxes raise around \$65 billion each year for these local governments. Overall, about 60 percent of property taxes go to cities, counties, and special districts. The other 40 percent goes to schools and community colleges. These shares are different in different counties.

Property Includes Land, Buildings, Machinery, and Equipment. Property taxes apply to many kinds of property. Land and buildings are taxed. Businesses also pay property taxes on most other things they own. This includes equipment, machinery, computers, and furniture. We call these things “business equipment.”

How Is a Property Tax Bill Calculated? Each property owner’s annual property tax bill is equal to the taxable value of their property multiplied by their property tax rate. The typical property owner’s property tax rate is 1.1 percent.

Taxable Value of Land and Buildings Is Based on Original Purchase Price. In the year a piece of land or a building is purchased, its taxable value typically is its purchase price. Each year after that, the property’s taxable value is adjusted for inflation by up to 2 percent. When a property is sold again, its taxable value is reset to its new purchase price. The taxable value of most land and buildings is less than what they could be sold for. This is because the price most properties could be sold for grows faster than 2 percent per year.

Taxable Value of Business Equipment Is Based on How Much It Could Be Sold for. Unlike land and buildings, business equipment is taxed based on how much it could be sold for today.

Counties Manage the Property Tax. County assessors determine the taxable value of property. County tax collectors bill property owners. County auditors distribute tax revenue to local governments. Statewide, counties spend about \$800 million each year on these activities.

Proposal

Tax Commercial and Industrial Land and Buildings Based on How Much They Could Be Sold for. The measure requires commercial and industrial (after this referred to simply as “commercial”) land and buildings to be taxed based on how much they could be sold for instead of their original

purchase price. This change is put in place over time starting in 2022. The change does not start before 2025 for properties used by California businesses that meet certain rules and have 50 or fewer employees. Housing and agricultural land continues to be taxed based on its original purchase price.

Some Lower Value Properties Not Included. This change does not apply if the owner has \$3 million or less worth of commercial land and buildings in California (adjusted for inflation every two years). These properties continue to be taxed based on original purchase price.

Reduce Taxes on Business Equipment. The measure reduces the taxable value of each business's equipment by \$500,000 starting in 2024. Businesses with less than \$500,000 of equipment pay no taxes on those items. All property taxes on business equipment are eliminated for California businesses that meet certain rules and have 50 or fewer employees.

Fiscal Effects

Increased Taxes on Commercial Land and Buildings. Most owners of commercial land and buildings worth more than \$3 million would pay higher property taxes. Only some of these property owners would start to pay higher taxes in 2022. By 2025, most of these property owners would pay higher taxes. Beginning in 2025, total property taxes from commercial land and buildings probably would be \$8 billion to \$12.5 billion higher in most years. The value of commercial property can change a lot from year to year. This means the amount of increased property taxes also could change a lot from year to year.

Decreased Taxes on Business Equipment. Property taxes on business equipment probably would be several hundred million dollars lower each year.

Money Set Aside to Pay Costs of the Measure. The measure sets aside money for various costs created by the measure. This includes giving **several hundred million dollars per year** to counties to pay for their costs of carrying out the measure. The measure would increase the amount of work county assessors do and could require changes in how they do their work. Counties could have costs from the measure before new money is available to cover these costs. The state would loan money to counties to cover these initial costs until new property tax revenue is available.

New Funding for Local Governments and Schools. Overall, \$6.5 billion to \$11.5 billion per year in new property taxes would go to local governments. 60 percent would go to cities, counties, and special districts. Each city, county, or special district's share of the money depends on several things including the amount of new taxes paid by commercial properties in that community. Not all governments would be guaranteed new money. Some in rural areas may end up losing money because of lower taxes on business equipment. The other 40 percent would increase funding for schools and community colleges. Each school or community college's share of the money is mostly based on how many students they have.

YES/NO STATEMENT

A **YES** vote on this measure means: Property taxes on most commercial properties worth more than \$3 million would go up in order to provide new funding to local governments and schools.

A **NO** vote on this measure means: Property taxes on commercial properties would stay the same. Local governments and schools would not get new funding.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- Increased property taxes on commercial properties worth more than \$3 million providing \$6.5 billion to \$11.5 billion in new funding to local governments and schools.

BALLOT LABEL

Fiscal Impact: Increased property taxes on commercial properties worth more than \$3 million providing \$6.5 billion to \$11.5 billion in new funding to local governments and schools.



Proposition 16

ALLOWS DIVERSITY AS A FACTOR IN PUBLIC EMPLOYMENT, EDUCATION, AND CONTRACTING DECISIONS. LEGISLATIVE CONSTITUTIONAL AMENDMENT.

ANALYSIS OF MEASURE

Background

State and Federal Constitutions Require Equal Protection. The state and federal constitutions provide all people equal protection, which generally means that people in similar situations are treated similarly under the law.

In 1996, California Voters Banned Consideration of Race, Sex, Color, Ethnicity, or National Origin in Public Programs. In 1996, California voters approved Proposition 209, adding a new section to the State Constitution—Section 31 of Article 1. The new section generally banned the consideration of race, sex, color, ethnicity, or national origin in public employment, public education, and public contracting in California.

There Are Some Exceptions to Proposition 209. State and local entities can consider sex when it is necessary as part of normal operations. For example, the state can consider the sex of an employee when staffing specific jobs at state prisons where it is necessary for staff and inmates be the same sex. Additionally, state and local entities may consider specified characteristics when it is required to receive federal funding. For example, the state is required to set goals for the portion of contracts awarded to certain groups for federally funded transportation projects, like businesses owned by women and people of color.

Proposition 209 Affected Certain Public Policies and Programs. Before Proposition 209, state and local entities had policies and programs intended to increase opportunities and representation for people who faced inequalities as a result of their race, sex, color, ethnicity, or national origin. These types of programs often are called “affirmative action” programs. For example, some of the state’s public universities considered race and ethnicity as factors when making admissions decisions and offered programs to support the academic achievement of those students. State and local entities had employment and recruitment policies intended to increase the hiring of people of color and women. The state also established programs to increase the participation of women-owned and minority-owned businesses in public contracts. The state set goals for the portion of state contracts that were awarded to those types of businesses. After voters approved Proposition 209, these policies and programs were discontinued or modified unless they qualified for one of the exceptions.

Federal Law Allows Policies and Programs That Consider Certain Characteristics, Within Limits. Before Proposition 209, state and local policies and programs that considered race, sex, color,

ethnicity, or national origin still had to comply with federal law. Federal law establishes a right to equal protection and as a result limits the use of these considerations. For example, under federal law, universities may consider these characteristics as one of several factors when making admission decisions in an effort to make their campuses more diverse. To ensure compliance with federal law, these policies and programs must meet certain conditions that limit the consideration of these characteristics. These conditions are intended to prevent discrimination that violates equal protection. State law also has a number of antidiscrimination provisions that are similar to those in federal law.

Policies and Programs Created or Modified After Proposition 209. After voters approved Proposition 209, some public entities in California created or modified policies and programs to instead consider characteristics not banned by Proposition 209. For example, many of the state's universities provide outreach and support programs for students who are first in their family to attend college. Many university campuses also consider where students attended high school and where they live when making admissions decisions. The universities view these policies and programs as ways to increase diversity without violating Proposition 209.

Proposal

Eliminates Ban on the Consideration of Certain Characteristics in Public Education, Public Employment, and Public Contracting. If approved, the measure would repeal Proposition 209—Section 31 of Article I of the California Constitution. This would eliminate the ban on the consideration of race, sex, color, ethnicity, or national origin in public education, public employment, and public contracting. As a result, state and local entities could establish a wider range of policies and programs so long as they are consistent with federal and state law related to equal protection.

Fiscal Effects

No Direct Fiscal Effects on Public Entities. The measure would have no direct fiscal effect on state and local entities because the measure would not require any change to current policies or programs. Instead, any fiscal effects would depend on future choices by state and local entities to implement policies or programs that consider race, sex, color, ethnicity, or national origin in public education, public employment, and public contracting.

Potential Fiscal Effects of Implementing Programs Highly Uncertain. State and local entities could make any number of decisions about policies and programs that consider race, sex, color, ethnicity, or national origin. Because the specific choices state and local entities would make if voters approved this measure are unknown, the potential fiscal effects are highly uncertain.

YES/NO STATEMENT

A **YES** vote on this measure means: State and local entities could consider race, sex, color, ethnicity, and national origin in public education, public employment, and public contracting to the extent allowed under federal and state law.

A **NO** vote on this measure means: The current ban on the consideration of race, sex, color, ethnicity, and national origin in public education, public employment, and public contracting would remain in effect.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- No direct fiscal effect on state and local entities because the measure does not require any change to current policies or programs.
- Possible fiscal effects would depend on future choices by state and local entities to implement policies or programs that consider race, sex, color, ethnicity, or national origin in public education, public employment, and public contracting. These fiscal effects are highly uncertain.

BALLOT LABEL

Fiscal Impact: No direct fiscal effect on state and local entities. The effects of the measure depend on the future choices of state and local government entities and are highly uncertain.



Proposition 17

RESTORES RIGHT TO VOTE AFTER COMPLETION OF PRISON TERM. LEGISLATIVE CONSTITUTIONAL AMENDMENT.

ANALYSIS OF MEASURE

Background

People in Prison or on Parole Are Not Allowed to Vote. The State Constitution allows most U.S. citizens who are residents of California and at least 18 years of age to vote, if they register to vote. (Under current state law, people who are registered to vote are also allowed to run for elective offices they are qualified for.) People eligible to register to vote include those who are in county jail or supervised by county probation in the community. However, the State Constitution prevents some people from registering to vote, including those in state prison or on state parole. (People are generally supervised in the community on state parole for a period of time after they serve a state prison term for a serious or violent crime. Currently, there are roughly 50,000 people on state parole.)

County and State Agencies Have Voting-Related Workload. County election officials manage most elections in California. As part of this work, these officials keep lists of registered voters and cancel the registration of anyone not allowed to vote—including anyone in state prison or on state parole. In addition, these officials provide ballot materials to registered voters. Some state agencies also have voting-related workload. For example, the Secretary of State provides voter registration cards and operates an electronic voter registration system.

Proposal

Allows People on State Parole to Register to Vote. Proposition 17 changes the State Constitution to allow people on state parole to register to vote, thereby allowing them to vote. (Because current state law allows registered voters to run for elective offices, this measure would result in people on state parole being able to do so as well, if they meet existing qualifications such as not having been convicted of perjury or bribery.)

Fiscal Effects

Increased Ongoing County Costs. Proposition 17 would increase the number of people who can register to vote and vote in elections. This would increase ongoing workload for county election officials in two main ways. First, election officials would have to process the voter registrations of people on state parole who register to vote. Second, election officials would have to send ballot materials to people on state parole who register to vote. We estimate that the **annual county costs for this workload would likely be in the hundreds of thousands of dollars statewide.** The actual cost would depend on the number of people on state parole who choose to register to vote and the specific costs of providing them ballot materials during an election.

Increased One-Time State Costs. Proposition 17 would create one-time workload for the state to update voter registration cards and systems to reflect that people on state parole could register to vote. We estimate that this workload would result in **one-time state costs likely in the hundreds of thousands of dollars**. This amount is less than 1 percent of the state's current General Fund budget.

YES/NO STATEMENT

A **YES** vote on this measure means: People on state parole who are U.S. citizens, residents of California, and at least 18 years of age would be able to vote, if they register to vote.

A **NO** vote on this measure means: People on state parole would continue to be unable to vote in California.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

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

BALLOT LABEL

Fiscal Impact: Annual county costs, likely in the hundreds of thousands of dollars statewide, for voter registration and ballot materials. One-time state costs, likely in the hundreds of thousands of dollars, for voter registration cards and systems.



Proposition 18

AMENDS CALIFORNIA CONSTITUTION TO PERMIT 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. LEGISLATIVE CONSTITUTIONAL AMENDMENT.

ANALYSIS OF MEASURE

Background

Elections in California. In even-numbered years, California holds two statewide elections—the primary and the general elections. At each of these elections voters (1) either nominate or elect candidates to state and federal offices and (2) consider statewide ballot measures. At the primary election, which is held in the spring, voters determine which candidates will compete for elective office at the general election. At the general election in November, voters determine who wins elective offices. Statewide ballot measures can be considered in both the primary and general elections. Outside of this two-year cycle, the Governor may call a special election to fill vacancies in state elective offices or vacancies in the U.S. House of Representatives. In addition to state elections, local governments hold elections for voters to elect local office holders and to consider local ballot measures. Typically, local elections occur at the same time as state elections.

Election Administration in California. County election officials administer the vast majority of elections in California. As part of this work, these officials keep lists of registered voters and provide voting materials to registered voters, such as ballots and other voter information. Some state agencies also have voting-related responsibilities. For example, the Secretary of State oversees elections, which includes providing voter registration cards and operating an electronic voter registration system.

Right to Vote in California. A person generally may register and vote in California if the person is a U.S. citizen who is at least 18 years old and a resident of the state. State law prohibits some people from voting, including those who are in prison or on parole. (Under current law, people who are registered to vote can run for elective offices so long as they meet all other existing eligibility requirements.)

Pre-Registration to Vote in California. A person generally may pre-register to vote in California if the person is a U.S. citizen and is either 16 or 17 years old. (State law prohibits some people from pre-registering to vote, including those who are in prison or on parole.) When a person is pre-registered to vote, they automatically become registered to vote when they turn 18 years old. As of June 29, 2020, there are about 108,000 17-year-olds pre-registered to vote in California.

Proposal

Allows Some 17 Year Old Citizens to Vote. The measure would allow eligible 17-year-olds who will be 18 years old by the November date of the next general election to vote. This means that these 17-year-olds could vote in any special election or primary election that occurs before the next general election. (Because current state law allows registered voters to run for elective office, this measure would result in 17-year-olds who turn 18 by the next general election to do so as well, if they meet all other existing eligibility requirements for elective office.)

Fiscal Effects

Minor Costs for County Election Officials. This measure would increase the number of people eligible to vote in primary and special elections. This would increase work for county election officials. Election officials would send and process voting materials to eligible registered 17-year-olds in the primary and any special elections preceding the general election. The cost of this increased work would depend on the number of eligible 17-year-olds who register to vote before the primary and special elections. This increased work could increase **statewide county costs in each two-year election cycle likely between several hundreds of thousands of dollars and \$1 million.**

Minor One-Time State Costs. This measure would create one-time work for the state to update existing voter registration systems. **The one-time state costs for this work likely would be in the hundreds of thousands of dollars.** This is less than 1 percent of current state General Fund spending.

YES/NO STATEMENT

A **YES** vote on this measure means: Eligible 17-year-olds who will be 18 years old by the time of the next general election may vote in the primary election and any special elections preceding the general election.

A **NO** vote on this measure means: No one younger than 18 years of age may vote in any election.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- 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.
- Increased one-time costs to the state in the hundreds of thousands of dollars to update existing voter registration systems.

BALLOT LABEL

Fiscal Impact: Increased statewide county costs likely between several hundreds of thousands of dollars and \$1 million every two years. Increased one-time costs to the state of hundreds of thousands of dollars.



Proposition 19

CHANGES CERTAIN PROPERTY TAX RULES. LEGISLATIVE CONSTITUTIONAL AMENDMENT

ANALYSIS OF MEASURE

Background

Local Governments Tax Property. California cities, counties, schools, and special districts (such as a fire protection district) collect property taxes from property owners based on the value of their property. Property taxes raise around \$65 billion each year for these local governments.

How Is a Property Tax Bill Calculated? Each property owner's annual property tax bill is equal to the taxable value of their property multiplied by their property tax rate. The typical property owner's property tax rate is 1.1 percent. In the year a new owner takes over a property, its taxable value typically is its purchase price. Each year after that, the property's taxable value is adjusted for inflation by up to 2 percent. When a property changes ownership again, its taxable value is reset to its new purchase price.

Property Taxes Increase When a Property Changes Ownership. The taxable value of most properties is less than what they could be sold for. This is because the price most properties could sell for grows faster than 2 percent per year. Because of this, when a property changes ownership its taxable value often resets to a higher amount. This leads to a higher property tax bill for that property. This means people who move usually end up paying higher property taxes for their new home than they paid for their old home.

Special Rules for Some Homeowners. In some cases, special rules allow existing homeowners to move to a different home without paying higher property taxes. These special rules apply to homeowners who are over 55 or severely disabled or whose property has been impacted by a natural disaster or contamination. We refer to these people as "eligible homeowners." An eligible homeowner can move within the same county and keep paying the same amount of property taxes if their new home is not more expensive than their existing home. Also, certain counties allow these rules to apply when an eligible homeowner moves to their county from another county. Homeowners who are over 55 or severely disabled generally can use these special rules only once in their lifetime. This limit does apply to properties impacted by a natural disaster or contamination.

Special Rules for Inherited Properties. Special rules also allow properties to pass between parents and children without an increase in the property tax bill. These rules also apply to grandparents and grandchildren if the grandchildren's parents are deceased. We call properties passed between parents and children or grandparents and grandchildren "inherited property." The rules apply to a parent's or grandparent's home and a limited amount of other types of property.

Counties Manage the Property Tax. County assessors determine the taxable value of property. County tax collectors bill property owners. County auditors distribute tax revenue to local governments. Statewide, counties spend about \$800 million each year on these activities.

Schools Funding Comes From Both Local Property Taxes and State Taxes. Schools receive funding from both local property taxes and state taxes. State law says that schools must receive a minimum amount of total funding from these two sources.

Proposal

The measure makes changes to the special rules for eligible homeowners and inherited properties.

Expanded Special Rules for Eligible Homeowners. Starting April 1, 2021, the measure expands the special rules for eligible homeowners. Specifically, the measure:

- **Allows Moves Anywhere in the State.** Eligible homeowners could keep their lower property tax bill when moving to another home anywhere in the state.
- **Allows the Purchase of a More Expensive Home.** Eligible homeowners could use the special rules to move to a more expensive home. Their property tax bill would still go up but not by as much as it would be for other homebuyers.
- **Increases Number of Times a Homeowner Can Use the Special Rules.** Homeowners who are over 55 or severely disabled could use the special rules three times in their lifetime.

Narrows the Special Rules for Inherited Properties. Starting February 16, 2021, the measure narrows the special rules for inherited properties. Specifically, the measure:

- **Ends Special Rules for Properties Not Used as a Home or for Farming.** The special rules would apply only to two kinds of inherited property. First, the rules would apply to properties used as a primary home by the child or grandchild. Second, the rules would apply to farms. Properties used for other purposes could no longer use the special rules.
- **Requires Tax Bill to Go Up for High Value Inherited Homes and Farms.** The property tax bill for an inherited home or farm would go up if the price the property could be sold for exceeds the property's taxable value by more than \$1 million (adjusted for inflation every two years). In this case, the tax bill would go up but not as much as it would if the property were sold to someone else.

Dedicates Certain Money for Fire Protection. The measure could make new funding available to the state. We discuss this new funding in the next section. The measure requires that most of the new funds be spent on fire protection. In addition, the measure requires that a smaller part of the new funds be given to certain local governments.

Fiscal Effects

Increased Property Taxes From Narrowed Rules for Inherited Properties. Narrowing the special rules for inherited properties would lead to higher property taxes for some inherited properties. This would increase property taxes for local governments and schools.

Reduced Property Taxes From Expanded Rules for Eligible Homeowners. Expanding the special rules for eligible homeowners could change property tax collections in a few ways. Most importantly, more homeowners could get property tax savings when moving from one home to another. This would reduce property taxes for local governments and schools.

Overall, More Property Taxes for Local Governments and Schools. Some parts of the measure would increase property taxes. Other parts would decrease them. Overall, property taxes for local governments and schools probably would increase. In the first few years, local governments could gain tens of millions of dollars per year. Over time, these revenue gains could grow to a few hundred million dollars per year. Schools could receive similar property tax gains.

Possible Reduction in State Costs for Schools in Some Years. In limited situations, total school funding from property taxes and state taxes could be about the same in some years despite schools' property tax gains. This is because existing state law could cause state funding for schools to decrease by about the same amount as their property tax gains. If this happens, the state would get cost savings in those years. These savings would be a similar amount to school property tax gains. The measure says most of these savings would have to be spent on fire protection.

Other Smaller Changes in Tax Collections. The measure allows more people to buy and sell homes without facing an increased property tax bill. Because of this, the measure probably would increase the number of homes sold each year. This would increase money going to the state and local governments from a number of other taxes collected on the sale of a home. These increases could be in the tens of millions of dollars per year. The measure says most of this increase in state tax revenue would have to be spent on fire protection.

Higher Costs for Counties. Counties probably would need to hire new staff and make computer upgrades to carry out the measure. This would increase costs for counties by **tens of millions of dollars per year**.

YES/NO STATEMENT

A **YES** vote on this measure means: All homeowners who are over 55 (or who meet other qualifications) would be eligible for property tax savings when they move. Only inherited properties used as primary homes or farms would be eligible for property tax savings.

A **NO** vote on this measure means: Some homeowners who are over 55 (or who meet other qualifications) would continue to be eligible for property tax savings when they move. All inherited properties would continue to be eligible for property tax savings.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- 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 spent on fire protection.

BALLOT LABEL

Fiscal Impact: Local governments could gain tens of millions of dollars of property tax revenue per year, probably growing over time to a few hundred million dollars per year. Schools could receive similar property tax gains.



Proposition 20

RESTRICTS PAROLE FOR CERTAIN OFFENSES CURRENTLY CONSIDERED TO BE NON-VIOLENT. AUTHORIZES FELONY SENTENCES FOR CERTAIN OFFENSES CURRENTLY TREATED ONLY AS MISDEMEANORS. INITIATIVE STATUTE.

ANALYSIS OF MEASURE

Overview

Proposition 20 has four major provisions. It:

- Changes state law to increase criminal penalties for some theft-related crimes.
- Changes how people released from state prison are supervised in the community.
- Makes various changes to the process created by Proposition 57 (2016) for considering the release of inmates from prison.
- Requires state and local law enforcement to collect DNA from adults convicted of certain crimes.

Below, we discuss each of these major provisions and describe the fiscal effects of the proposition.

Criminal Penalties for Certain Theft-Related Crimes

Background

A felony is the most severe type of crime. State law defines some felonies as “violent” or “serious,” or both. Examples of felonies defined as violent and serious include murder, robbery, and rape. Felonies that are not defined as violent or serious include human trafficking and selling drugs. A misdemeanor is a less severe crime. Misdemeanors include crimes such as assault and public drunkenness.

Felony Sentencing. People convicted of felonies can be sentenced as follows:

- ***State Prison.*** People whose current or past convictions include serious, violent, or sex crimes can be sentenced to state prison.
- ***County Jail and/or Community Supervision.*** People who have no current or past convictions for serious, violent, or sex crimes are typically sentenced to county jail or are supervised by county probation officers in the community, or both.

Misdemeanor Sentencing. People convicted of misdemeanors can be sentenced to county jail, county community supervision, a fine, or some combination of the three. They are generally punished

less than people convicted of felonies. For example, a misdemeanor sentence cannot exceed one year in jail while a felony sentence can require a much longer time in jail or prison. In addition, people convicted of misdemeanors are usually supervised in the community for fewer years and may not be supervised as closely by probation officers.

Wobbler Sentencing. Currently, some crimes—such as identity theft—can be punished as either a felony or a misdemeanor. These crimes are known as “wobblers.” The decision is generally based on the specifics of the crime and a person’s criminal history.

Proposition 47 Reduced Penalties for Certain Crimes. In November 2014, voters approved Proposition 47, which resulted in certain theft-related crimes being punished as misdemeanors instead of felonies. For example, under Proposition 47, theft involving property worth \$950 or less is generally considered petty theft and punished as a misdemeanor—rather than as a felony as was sometimes possible before (such as if a car was stolen). Proposition 47 also generally requires that shoplifting involving \$950 or less be punished as a misdemeanor—rather than a felony as was possible before.

Proposal

Increases Penalties for Certain Theft-Related Crimes. Proposition 20 creates two new theft-related crimes:

- **Serial Theft.** Any person with two or more past convictions for certain theft-related crimes (such as burglary, forgery, or carjacking) who is found guilty of shoplifting or petty theft involving property worth more than \$250 could be charged with serial theft.
- **Organized Retail Theft.** Any person acting with others who commits petty theft or shoplifting two or more times where the total value of property stolen within 180 days exceeds \$250 could be charged with organized retail theft.

Both of these new crimes would be wobblers, punishable by up to three years in county jail, even if the person has a past conviction for a serious, violent, or sex crime.

In addition, Proposition 20 allows some existing theft-related crimes that are generally punished as misdemeanors under Proposition 47 to be punished as felonies. For example, under current law, theft of all property worth less than \$950 from a store is generally required to be punished as a misdemeanor. Under Proposition 20, people who steal property worth less than \$950 that is not for sale (such as a cash register) from a store could receive felony sentences. This could increase the amount of time people convicted of these crimes serve. For example, rather than serving up to six months in county jail, they could serve up to three years in county jail or state prison.

We estimate that a few thousand people could be affected by the above changes each year. However, this estimate is based on the limited data available, and the actual number of people affected would depend on choices made by prosecutors and judges. As a result, the actual number could be significantly higher or lower.

Community Supervision Practices

Background

People who are released from state prison after serving a sentence for a serious or violent crime are supervised for a period of time in the community by state parole agents. People who are released from prison after serving a sentence for other crimes are usually supervised in the community by

county probation officers—commonly referred to as Post-Release Community Supervision (PRCS). When people on state parole or PRCS break the rules that they are required to follow while supervised—referred to as breaking the “terms of their supervision”—state parole agents or county probation officers can choose to ask a judge to change the terms of their supervision. This can result in harsher terms or placement in county jail.

Proposal

Changes Community Supervision Practices. This proposition makes various changes to state parole and PRCS practices. For example, it requires probation officers to ask a judge to change the terms of supervision for people on PRCS if they have violated them for a third time. In addition, the proposition requires state parole and county probation departments to exchange more information about the people they supervise.

Proposition 57 Release Consideration Process

Background

People in prison have been convicted of a primary crime. This is generally the crime for which they receive the longest amount of time in prison. They often serve additional time due to the facts of their cases (such as if they used a gun) or for other, lesser crimes they were convicted of at the same time. For example, people previously convicted of a serious or violent crime generally must serve twice the term for any new felony they commit.

In November 2016, voters approved Proposition 57, which changed the State Constitution to make prison inmates convicted of nonviolent felonies eligible to be considered for release after serving the term for their primary crimes. Inmates are considered for release by the state Board of Parole Hearings (BPH). Specifically, a BPH staff member reviews various information in the inmate’s files, such as criminal history and behavior in prison, to determine if the inmate will be released. BPH also considers any letters submitted by prosecutors, law enforcement agencies, and victims about the inmate. The California Department of Corrections and Rehabilitation (CDCR) contacts victims registered with the state to notify them that they can submit such letters. The inmate is released unless BPH decides that the inmate poses an unreasonable risk of violence. If not released, the inmate can request a review of the decision. Inmates who are denied release are reconsidered the following year, though they often complete their sentences and are released before then. In 2019, BPH considered nearly 4,600 inmates and approved about 860 (19 percent) for release.

Proposal

Changes Proposition 57 Release Consideration Process. Proposition 20 makes various changes to the Proposition 57 release consideration process. The major changes are:

- Excluding some inmates from the process—such as those convicted of some types of assault and domestic violence.
- Requiring BPH to deny release to inmates who pose an unreasonable risk of committing felonies that result in victims, rather than only those who pose an unreasonable risk of violence.
- Requiring BPH to consider additional issues, such as the inmates’ attitudes about their crimes, when deciding whether to release them.

- Requiring inmates denied release to wait two years (rather than one) before being reconsidered by BPH.
- Allowing prosecutors to request that BPH perform another review of release decisions.
- Requiring CDCR to try to locate victims to notify them of the review even if they are not registered with the state.

DNA Collection

Background

In California, DNA samples must be provided by (1) adults arrested for, charged with, or convicted of a felony; (2) youth who have committed a felony; and (3) people required to register as sex offenders or arsonists. These samples are collected by state and local law enforcement agencies and submitted to the California Department of Justice (DOJ) for processing. DOJ currently receives roughly 100,000 DNA samples each year. DOJ stores the DNA profiles in a statewide DNA database and submits them to a national database. These databases are used by law enforcement to investigate crimes.

Proposal

Expands DNA Collection. This proposition requires state and local law enforcement to also collect DNA samples from adults convicted of certain misdemeanors. These crimes include shoplifting, forging checks, and certain domestic violence crimes.

Fiscal Effects

The proposition would have various fiscal effects on state and local government. However, the exact size of the effects discussed below would depend on several factors. One key factor would be decisions made by the courts and others (such as county probation departments and prosecutors) about how the proposition would be implemented. For example, the proposition seeks to change certain inmates' constitutional eligibility to be considered for release under Proposition 57 without changing the State Constitution. If the proposition were challenged in court, a judge might rule that certain provisions cannot be put into effect. Our estimates below of the fiscal effects on state and local government assume that the proposition is fully implemented. In total, the estimated increase in state costs reflects less than one percent of the state's current General Fund budget. (The General Fund is the state's main operating account, which it uses to pay for education, prisons, health care, and other services.)

State and Local Correctional Costs. The proposition would increase state and local correctional costs in three ways.

- First, the increase in penalties for theft-related crimes would increase correctional costs mostly by increasing county jail populations and the level of community supervision for some people.
- Second, the changes to community supervision practices would increase state and local costs in various ways. For example, the requirement that county probation officers seek to change the terms of supervision for people on PRCS who violate them for a third time could increase county jail populations if this causes more people to be placed in jail.

- Third, the changes made to the Proposition 57 release consideration process would increase state costs by reducing the number of inmates released from prison and generally increasing the cost of the process.

We estimate that more than several thousand people would be affected by the proposition each year. As a result, we estimate that the increase in **state and local correctional costs would likely be in the tens of millions of dollars annually**. The actual increase would depend on several uncertain factors, such as the specific number of people affected by the proposition.

State and Local Court-Related Costs. The proposition would increase state and local court-related costs. This is because it would result in some people being convicted of felonies for certain theft-related crimes instead of misdemeanors. Because felonies take more time for courts to handle than misdemeanors, workload for the courts, county prosecutors and public defenders, and county sheriffs (who provide court security) would increase. In addition, requiring probation officers to ask judges to change the terms of supervision for people on PRCS after their third violation would result in additional court workload. We estimate that these **court-related costs could be more than several million dollars annually**, depending on the actual number of people affected by the proposition.

State and Local Law Enforcement Costs. The proposition would increase state and local law enforcement costs by expanding the number of people who are required to provide DNA samples, possibly by tens of thousands annually. We estimate that the increase in **state and local law enforcement costs would likely not be more than a few million dollars annually**.

Other Fiscal Effects. There could be other unknown fiscal effects on state and local governments due to the proposition. For example, if the increase in penalties reduces crime, some criminal justice system costs could be avoided. The extent to which this or other effects would occur is unknown.

YES/NO STATEMENT

A **YES** vote on this measure means: People who commit certain theft-related crimes (such as repeat shoplifting) could receive increased penalties (such as longer jail terms). Additional factors would be considered for the state's process for releasing certain inmates from prison early. Law enforcement would be required to collect DNA samples from adults convicted of certain misdemeanors.

A **NO** vote on this measure means: Penalties for people who commit certain theft-related crimes would not be increased. There would be no change to the state's process for releasing certain inmates from prison early. Law enforcement would continue to be required to collect DNA samples from adults only if they are arrested for a felony or required to register as sex offenders or arsonists.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- Increased state and local correctional costs likely in the tens of millions of dollars annually, primarily due to increases in county jail populations and levels of community supervision.
- Increased state and local court-related costs that could be more than several million dollars annually.

- Increased state and local law enforcement costs not likely to be more than a few million dollars annually related to collecting and processing DNA samples.

BALLOT LABEL

Fiscal Impact: Increase in state and local correctional, court, and law enforcement costs likely in the tens of millions of dollars annually, depending on implementation.



Proposition 21

EXPANDS LOCAL GOVERNMENTS' AUTHORITY TO ENACT RENT CONTROL ON RESIDENTIAL PROPERTY. INITIATIVE STATUTE.

ANALYSIS OF MEASURE

Background

Rental Housing Is Expensive in California. Renters in California typically pay 50 percent more for housing than renters in other states. In some parts of the state, rent costs are more than double the national average. Rent is high in California because the state does not have enough housing for everyone who wants to live here. People who want to live here must compete for housing, which increases rents.

Several Cities Have Rent Control Laws. Several California cities—including Los Angeles, San Francisco, and San Jose—have laws that limit how much landlords can increase rents for housing from one year to the next. These laws often are called rent control. About one-fifth of Californians live in cities with rent control. Local rent boards carry out rent control. These boards are paid for with fees on landlords.

Court Rulings Limit Local Rent Control. Courts have ruled that rent control laws must allow landlords to receive a “fair rate of return.” This means that landlords must be allowed to increase rents enough to receive some profit each year.

State Law Limits Local Rent Control. A state law, known as the Costa-Hawkins Rental Housing Act (Costa-Hawkins), limits local rent control laws. Costa-Hawkins creates three main limitations. First, rent control cannot apply to any single-family homes. Second, rent control can never apply to any newly built housing completed on or after February 1, 1995. Third, rent control laws cannot tell landlords what they can charge a new renter when first moving in.

State Law Limits Rent Increases. In addition to local rent control allowed by Costa-Hawkins, a new state law limits rent increases for most rental housing in California. Landlords cannot increase rent by more than 5 percent plus inflation in a year, or 10 percent, whichever is lower. This applies to most housing that is more than 15 years old. This law lasts until January 1, 2030.

State and Local Government Tax Revenues. Three taxes are the largest sources of tax revenue for the state and local governments in California—personal income tax, property tax, and sales tax. The state collects a personal income tax on income—including rent received by landlords—earned within the state. Local governments levy property taxes on property owners based on the value of their property. The state and local governments collect sales taxes on the retail sale of goods.

Proposal

Allows for Expansion of Rent Control. The measure modifies the three main limitations of Costa-Hawkins, allowing cities and counties to apply rent control to more properties than under current law. Specifically, cities and counties can apply rent control to most housing that is more than 15 years old. This does not include single-family homes owned by people with two or fewer properties. In addition, cities and counties can limit how much a landlord can increase rents when a new renter moves in. Communities that do so must allow a landlord to increase rents by up to 15 percent during the first three years after a new renter moves in.

Requires Fair Rate of Return. The measure requires that rent control laws allow landlords a fair rate of return. This puts the results of past court rulings into state law.

Fiscal Effects

Economic Effects. If communities respond to this measure by expanding their rent control laws beyond the existing protections for renters, it could lead to several economic effects. The most likely effects are:

- To avoid rent regulation, some landlords would sell their rental housing to new owners who would live there.
- The value of rental housing would decline because potential landlords would not want to pay as much for these properties.
- Some renters would spend less on rent and some landlords would receive less rental income.
- Some renters would move less often. For example, fewer renters would move because their rents increase.

The size of these effects would depend on how many communities pass new laws, how many properties are covered, and how much rents are limited.

Changes in State and Local Revenues. The measure's economic effects would affect property tax, sales tax, and income tax revenues. The largest and most likely impacts are:

- ***Less Property Taxes Paid by Landlords.*** A decline in the value of rental properties would lead to a decrease in property tax payments made by owners of those properties over time. These property tax losses would be partially offset by higher property tax payments resulting from the sales of rental housing. This is because property sales often cause property tax bills to reset at a higher level. Revenue losses from lower property values would be larger than revenue gains from increased sales. Because of this, the measure would reduce overall property tax payments.
- ***More Sales Taxes Paid by Renters.*** Renters who pay less in rent would use some of their savings to buy taxable goods.
- ***Change in Income Taxes Paid by Landlords.*** Landlords' income tax payments would change in several ways, both up and down. The overall effect on state income tax revenue is not clear.

Overall, the measure likely would reduce state and local revenues over time. The largest effect would be on property taxes. The amount of revenue loss would depend on many factors, most importantly how communities respond to this measure. For example, if communities that already have rent control expand their rules to include newer homes and single-family homes, revenue losses could be in the high tens of millions of dollars per year. If many communities create new rent control rules, revenue losses could be larger. If few communities make changes, revenue losses would be minor.

Increased Local Government Costs. If cities or counties create new rent control laws or expand existing ones, local rent boards would have increased costs. Depending on local government choices, these costs could **range from very little to tens of millions of dollars per year**. These costs likely would be paid by fees on owners of rental housing.

YES/NO STATEMENT

A **YES** vote on this measure means: State law would allow cities and counties to apply more kinds of rent control to more properties than under current law.

A **NO** vote on this measure means: State law would maintain current limits on rent control laws cities and counties can apply.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

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

BALLOT LABEL

Fiscal Impact: Overall, a potential reduction in state and local revenues in the high tens of millions of dollars per year over time. Depending on actions by local communities, revenue losses could be less or more.



Proposition 22

EXEMPTS APP-BASED TRANSPORTATION AND DELIVERY COMPANIES FROM PROVIDING EMPLOYEE BENEFITS TO CERTAIN DRIVERS. INITIATIVE STATUTE.

ANALYSIS OF MEASURE

Background

App-Based Rides and Delivery. Some companies allow customers to hire rides or order food for delivery on a phone app. These companies are often called rideshare and delivery companies. Most large rideshare and delivery companies are headquartered in California. In total, these companies are worth about as much as Ford, General Motors, and Fiat Chrysler combined.

Rideshare and Delivery Companies Hire Drivers as Independent Contractors. An independent contractor is someone who does work for a business but is not an employee of the business. Drivers for rideshare and delivery companies choose when, where, and how much to work. Drivers use their own cars and pay their own expenses.

Most Drivers Work Part Time. Most drivers work part time and many drivers only work for a short time or only drive occasionally. Rideshare and delivery companies pay drivers a share of the fare or delivery charge customers pay for app-based services. Drivers spend about one-third of their time waiting for rides and deliveries and are not paid during this time. Most drivers probably make between \$11 and \$16 per hour, after accounting for waiting time and driving expenses.

The State Says Rideshare and Delivery Companies Must Hire Drivers as Employees. The state recently passed a law that limits the ability of companies to hire workers as independent contractors. The state Attorney General says the law means rideshare and delivery companies must hire drivers as employees. The rideshare and delivery companies do not agree that the new state law makes their drivers employees. The companies continue to hire drivers as independent contractors. The state Attorney General recently sued two rideshare companies to force them to hire drivers as employees. If the courts agree with the Attorney General, the companies will have to hire drivers as employees.

As Employees, Drivers Would Get Standard Benefits and Protections. As employees, drivers would get standard job benefits and protections that independent contractors do not get. For example, employees must be paid at least a minimum wage plus extra pay for overtime. Employees also must be allowed to take breaks and take paid time off if they are sick. At the same time, as employees, drivers would have less choice about when, where, and how much to work.

Proposal

Makes Drivers Independent Contractors. This measure makes app-based rideshare and delivery drivers independent contractors. The new state law that limits the ability of companies to hire independent contractors would not apply to drivers.

Gives Drivers Certain Benefits. This measure requires rideshare and delivery companies to provide certain benefits:

- ***Earnings Minimum.*** This measure requires companies to pay 120 percent of the local minimum wage for each hour a driver spends driving, but not time spent waiting.
- ***Health Insurance Stipend.*** For drivers who normally work more than 15 hours per week (not including waiting time), this measure requires that companies help pay for health insurance.
- ***Pay For Costs When a Driver Gets Hurt on the Job.*** This measure requires that companies pay medical costs and replace some lost income when a driver is injured while driving or waiting.
- ***Rest Policy.*** This measure prohibits drivers from working more than 12 hours in a 24-hour period for a single rideshare or delivery company.
- ***Other Requirements.*** This measure prohibits workplace discrimination and requires that companies: (1) develop sexual harassment policies, (2) conduct criminal background checks, and (3) mandate safety training for drivers.

Limits Local Government Ability to Set Additional Rules. This measure limits the ability of cities and counties to place additional rules on rideshare and delivery companies.

Fiscal Effects

Whether rideshare and delivery drivers are employees or independent contractors is still being decided in the courts. The fiscal effects below assume that the courts agree with the state that drivers are employees under the new state law.

Lower Costs and Higher Profits for Rideshare and Delivery Companies. This measure allows rideshare and delivery companies to hire drivers as independent contractors instead of employees. The companies would not have to pay the costs of providing standard employee benefits and protections, which usually make up 20 percent of employee costs. This would allow the companies to charge lower fares and delivery fees. With lower prices, customers would take more rides and place more orders. This could increase the companies' profits. Higher profits would increase the companies' stock prices.

Drivers and Stockholders Would Pay More Income Taxes. Because people would take more rides and place more orders, drivers as a group would earn more income. This means state income taxes paid by drivers would increase. Californians who own rideshare and delivery company stock also may earn more when they sell the stock. They would pay state income taxes on these increased gains. The amount of increased state personal income taxes paid by drivers and stockholders is unknown, but likely minor.

Summary of Fiscal Effects

This measure would have the following fiscal effect:

- Minor increase in state income taxes paid by rideshare and delivery company drivers and investors.

YES/NO STATEMENT

A **YES** vote on this measure means: App-based rideshare and delivery companies could hire drivers as independent contractors. Drivers could decide when, where, and how much to work but would not get standard benefits and protections that businesses must provide employees.

A **NO** vote on this measure means: App-based rideshare and delivery companies would have to hire drivers as employees if the courts say that a recent state law makes drivers employees. Drivers would have less choice about when, where, and how much to work but would get standard benefits and protections that businesses must provide employees.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- Minor increase in state income taxes paid by rideshare and delivery company drivers and investors.

BALLOT LABEL

Fiscal Impact: Minor increase in state income taxes paid by rideshare and delivery company drivers and investors.



Proposition 23

ESTABLISHES STATE REQUIREMENTS FOR KIDNEY DIALYSIS CLINICS. REQUIRES ON-SITE MEDICAL PROFESSIONAL. INITIATIVE STATUTE.

ANALYSIS OF MEASURE

Background

Dialysis Treatment

Kidney Failure. Healthy kidneys filter a person’s blood to remove waste and extra fluid. Kidney disease refers to when a person’s kidneys do not function properly. Over time, a person may develop kidney failure, also known as “end-stage renal disease.” This means the kidneys no longer work well enough for the person to live without a kidney transplant or ongoing treatment called “dialysis.”

Dialysis Mimics Normal Kidney Functions. Dialysis artificially mimics what healthy kidneys do. Most people on dialysis undergo hemodialysis. This form of dialysis removes blood from the body, filters it through a machine to remove waste and extra fluid, and then returns it to the body. A single treatment lasts about four hours and happens about three times per week.

Most Dialysis Patients Receive Treatment in Clinics. Most people with kidney failure receive dialysis at chronic dialysis clinics (CDCs), although some may receive dialysis at hospitals or in their own homes. About 600 licensed CDCs in California provide dialysis to roughly 80,000 patients each month. Given how often patients need dialysis and how long treatments last, clinics often offer services six days per week and often are open outside of typical business operating hours.

Patients’ Own Doctors Oversee Treatment. When a patient has kidney failure, the patient’s doctor develops a plan of care, which could include a referral for dialysis. The patient’s doctor designs the dialysis treatment plan, including specific aspects such as frequency, duration, and associated medicines. CDCs carry out the treatment. The patient’s doctor continues to oversee the patient’s care. Under federal rules, the doctor must visit the patient during dialysis treatment at the CDC at least once per month.

Various Entities Own and Operate CDCs, With Two Entities Owning/Operating the Vast Majority of Them. Two private for-profit companies—DaVita, Inc. and Fresenius Medical Care—are the “governing entity” of nearly three-quarters of licensed CDCs in California. (The measure refers to the governing entity as the entity that owns or operates the CDC.) The remaining CDCs are owned and operated by a variety of nonprofit and for-profit governing entities. Most of these other governing entities have multiple CDCs in California, while a small number own or operate a single CDC. Currently, the majority of CDCs’ earnings exceed costs, while a smaller share of CDCs operate at a loss. A governing entity that owns or operates multiple CDCs can use its higher-earning CDCs to help support its CDCs that operate at a loss.

Paying for Dialysis

Payment for Dialysis Comes From a Few Main Sources. We estimate that CDCs have total revenues of more than \$3 billion annually from their operations in California. These revenues consist of payments for dialysis from a few main sources, or “payers”:

- ***Medicare.*** This federally funded program provides health coverage to most people ages 65 and older and certain younger people who have disabilities. Federal law generally makes people with kidney failure eligible for Medicare coverage regardless of age or disability status. Medicare pays for dialysis treatment for the majority of people on dialysis in California.
- ***Medi-Cal.*** The federal-state Medicaid program, known as Medi-Cal in California, provides health coverage to low-income people. The state and federal governments share the costs of Medi-Cal. Some people qualify for both Medicare and Medi-Cal. For these people, Medicare covers most of the payment for dialysis as the primary payer and Medi-Cal covers the rest. For people enrolled only in Medi-Cal, the Medi-Cal program is solely responsible to pay for dialysis.
- ***Group and Individual Health Insurance.*** Many people in the state have group health insurance coverage through an employer or another organization (such as a union). Other people purchase health insurance individually. When an insured person develops kidney failure, that person can usually transition to Medicare coverage. Federal law requires that a group insurer remain the primary payer for dialysis treatment for a “coordination period” that lasts 30 months.

The California state government, the state’s two public university systems, and many local governments in California provide group health insurance coverage for their current workers, eligible retired workers, and their families.

Group and Individual Health Insurers Typically Pay Higher Rates for Dialysis Than Government Programs. The rates that Medicare and Medi-Cal pay for a dialysis treatment are fairly close to the average cost for CDCs to provide a dialysis treatment. These rates are largely determined by regulation. In contrast, group and individual health insurers negotiate with CDCs and their governing entities to set rates. The rate agreed upon depends in large part on how many people the insurer covers and how many people the governing entity’s CDCs treat. On average, group and individual health insurers pay multiple times what government programs pay for a dialysis treatment.

How CDCs Are Regulated

California Department of Public Health (CDPH) Licenses and Certifies Dialysis Clinics. CDPH is responsible for licensing CDCs to operate in California. CDPH also certifies CDCs on behalf of the federal government, which allows CDCs to receive payment from Medicare and Medi-Cal. Currently, California relies primarily on federal regulations as the basis for its licensing program.

Federal Regulations Require a Medical Director at Each CDC. Federal regulations require each CDC to have a medical director who is a board-certified physician. The medical director is responsible for quality assurance, staff education and training, and development and implementation of clinic policies and procedures. Federal regulations do not require medical directors to spend a specific amount of time at the CDC; however, federal guidance indicates that the medical director’s responsibilities reflect about one-quarter of a full-time position.

CDCs Must Report Infection-Related Information to a National Network. To receive payments from Medicare, CDCs must report specified dialysis-related infection information to the National Healthcare Safety Network at the federal Centers for Disease Control. For example, CDCs must report when a patient develops a bloodstream infection and the suspected cause of the infection.

Proposal

The measure includes several provisions affecting CDCs, as discussed below. It gives duties to CDPH to implement and administer the measure, including adopting regulations within one year after the law takes effect. If CDPH cannot meet that deadline, it can issue emergency regulations as it completes the regular process.

Requires Each CDC to Have a Doctor Onsite During All Treatment Hours. The measure requires each CDC to maintain, at its expense, at least one doctor onsite during all the hours patients receive treatments at that CDC. The doctor is responsible for patient safety and the provision and quality of medical care. A CDC may request an exception from CDPH if there is a valid shortage of doctors in the CDC's area. If CDPH approves the exception, the CDC can meet the requirement with a nurse practitioner or physician's assistant, rather than a doctor. The exception lasts for one year.

Requires CDCs to Report Infection-Related Information to CDPH. The measure requires each CDC—or its governing entity—to report dialysis-related infection information to CDPH every three months. CDPH must specify which information CDCs should report, and how and when to report the information. CDPH must post each CDC's infection information on the CDPH website, including the name of a CDC's governing entity.

Charges Penalties if CDCs Fail to Report Infection-Related Information. If a CDC or its governing entity does not report infection information or if the information is inaccurate, CDPH may issue a penalty against the CDC. The penalty could be up to \$100,000 depending on how severe the violation is. The CDC may request a hearing if it disputes the penalty. Any penalties collected would be used by CDPH to implement and enforce laws concerning CDCs.

Requires CDCs to Notify and Obtain Consent From CDPH Before Closing or Substantially Reducing Services. If a CDC plans to close or significantly reduce its services, the measure requires the CDC or its governing entity to notify CDPH in writing and obtain CDPH's written consent. The measure allows CDPH to determine whether or not to consent. It allows CDPH to base its decision on such information as the CDC's financial resources and the CDC's plan for ensuring patients have uninterrupted dialysis care. A CDC may dispute CDPH's decision by requesting a hearing.

Prohibits CDCs From Refusing Care to a Patient Based on Who Is Paying for the Patient's Treatment. Under the measure, CDCs and their governing entities must offer the same quality of care to all patients. They cannot refuse to offer or provide care to patients based on who pays for patients' treatments. The payer could be the patient, a private entity, the patient's health insurer, Medi-Cal, Medicaid, or Medicare.

Fiscal Effects

Increased Costs for Dialysis Clinics Affect State and Local Costs

How the Measure Increases Costs for CDCs. Overall, the measure's provisions would increase costs for CDCs. In particular, the measure's requirement that each CDC have a doctor onsite during all

treatment hours would increase each CDC's costs by several hundred thousand dollars annually on average. Other requirements of the measure would not significantly increase CDC costs.

Clinics Could Respond to Higher Costs in Different Ways. The cost to have a doctor onsite would affect individual CDCs differently depending on their finances. Most CDCs operate under a governing entity that owns/operates multiple CDCs so the governing entity could spread costs across multiple locations. Governing entities might respond in one or more of the following ways:

- ***Negotiate Increased Rates With Payers.*** First, governing entities might try to negotiate higher rates from the entities that pay for the dialysis treatment to cover some of the costs imposed by the measure. Specifically, governing entities may be able to negotiate higher rates with private commercial insurance companies and to a lesser extent with Medi-Cal managed care plans.
- ***Continue Current Operations, but With Lower Profits.*** For some governing entities, the higher costs due to the measure could reduce their profits, but they could continue to operate at current levels without closing clinics.
- ***Close Some Clinics.*** Given the higher costs due to the measure, some governing entities, particularly those with fewer clinics, may decide to close some clinics.

Measure Could Increase Health Care Costs for State and Local Governments by Low Tens of Millions of Dollars Annually. Under the measure, state Medi-Cal costs, and state and local employee and retiree health insurance costs could increase due to:

- Governing entities negotiating higher payment rates.
- Patients requiring treatment in more costly settings like hospitals (due to fewer CDCs).

Overall, the most likely scenario is that CDCs and their governing entities generally would: (1) be able to negotiate with some payers to receive higher payment rates to cover some of the new costs imposed by the measure, and (2) continue to operate (with reduced income), with relatively limited individual CDC closures. **This scenario would lead to increased costs for state and local governments likely in the low tens of millions of dollars annually.** This represents a minor increase in the state's total spending on Medi-Cal and state and local governments' total spending on employee and retiree health coverage. This cost represents less than 1 percent of state General Fund spending. In the less likely event that a more significant number of CDCs closed, state and local governments could have additional costs in the short run. These additional costs could be significant, but are highly uncertain.

Increased Administrative Costs for CDPH Covered by CDC Fees

The measure imposes new regulatory responsibilities on CDPH. **The annual cost of these new responsibilities likely would not exceed the low millions of dollars annually.** The measure requires CDPH to adjust the annual licensing fee paid by CDCs to cover these costs.

YES/NO STATEMENT

A **YES** vote on this measure means: Chronic dialysis clinics would be required to have a doctor onsite during all patient treatment hours.

A **NO** vote on this measure means: Chronic dialysis clinics would not be required to have a doctor onsite during all patient treatment hours.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- Increased state and local government costs likely in the low tens of millions of dollars annually.

BALLOT LABEL

- **Fiscal Impact:** Increased state and local government costs likely in the low tens of millions of dollars annually.



Proposition 24

AMENDS CONSUMER PRIVACY LAWS. INITIATIVE STATUTE.

ANALYSIS OF MEASURE

Background

Businesses Collect and Use Consumer Data

Businesses collect data about consumers from different sources. These include (1) public sources, (2) consumers themselves (such as when consumers create an account), or (3) other businesses (such as by purchasing data). Businesses use the data in different ways, such as to improve their sales or customer service. Businesses can also use the data to provide services to other businesses. For example, some Internet companies provide free services and collect data from consumers who use them. These companies then use the data to target ads at consumers for other businesses. Finally, businesses sometimes use data to make predictions about consumers' views and preferences (such as their lifestyles).

Certain Businesses Must Meet Consumer Data Privacy Requirements

Under state law, certain businesses that operate in California and collect personal data must meet consumer data privacy requirements. (Personal data include information such as names, Internet or purchase activity, and predictions about consumers.) These businesses generally (1) earn more than \$25 million in annual revenue; (2) buy, sell, or share the personal data of 50,000 or more consumers, households, or devices annually; or (3) earn 50 percent or more of their annual revenues from selling personal data.

Specifically, these businesses must:

- ***Notify Consumers of Data Collection.*** Businesses generally must tell consumers if they collect or sell personal data. They must also tell consumers how they will use the data.
- ***Comply With Personal Data Privacy Rights.*** State law provides consumers with certain rights that businesses must comply with. For example, consumers can request free reports on their personal data that are collected or sold by the business. Consumers can also generally tell businesses to delete their personal data (such as names or student grades and testing results). Finally, consumers can tell businesses to not sell their personal data. Businesses must tell consumers of their personal data rights.
- ***Not Treat Consumers Who Make Use of Their Rights Differently.*** For example, businesses cannot charge different prices or provide different levels of service to consumers who make use of their personal data rights. However, businesses can encourage consumers to allow them to collect and sell personal data, such as by providing consumers payments or discounts.

Businesses can face penalties of up to \$2,500 for each violation of these requirements. Penalties increase to up to \$7,500 for intentional violations. Penalties only may be applied if businesses fail to address the violation within 30 days of being told of the violation. Only the California Department of Justice (DOJ) can seek these penalties. Penalty revenues are generally deposited into the state's Consumer Privacy Fund (CPF). CPF revenues must first be used to pay for state trial court and DOJ costs related to certain consumer privacy laws. The Legislature can allocate any remaining funds for other purposes.

Businesses Must Meet Data Breach Requirements

A data breach occurs when people access information, such as consumer data, without permission. State law requires businesses take reasonable steps to protect consumer data from breaches. Businesses must also tell people if their data were accessed in a data breach. Breaches of certain personal data can result in penalties of \$100 to \$750 per consumer per event or actual damages—whichever is greater. A consumer affected by such a breach can seek to collect these penalties if a business fails to address the breach within 30 days of being told to do so. DOJ may also generally seek penalties for data breaches. Some of these penalties could be deposited into the CPF.

DOJ Enforces Consumer Privacy and Data Breach Laws

DOJ enforces the state's consumer privacy and data breach laws in two major ways. First, DOJ develops regulations that provide more details on how businesses and consumers must obey the laws. For example, these regulations include rules for how businesses must handle requests to not sell personal data. Second, DOJ prosecutes crimes (such as identity theft) or files lawsuits in state trial courts against those who break these laws.

Proposal

Proposition 24 (1) changes existing consumer data privacy laws, (2) provides new consumer privacy rights, (3) changes existing penalties and limits the use of penalty revenues, and (4) creates a new state agency to oversee and enforce consumer data privacy laws. If approved, most of this proposition would take effect in January 2023. Some portions of the proposition, such as the creation of the new state agency and requirements for developing new regulations, would go into effect immediately.

Changes Existing Consumer Data Privacy Laws

Changes Which Businesses Must Meet Data Privacy Requirements. This proposition changes which businesses are required to meet state consumer data privacy requirements. These changes would generally reduce the number of businesses required to meet these requirements. For example, consumer data privacy requirements currently apply to businesses that buy, sell, or share for business purposes the personal data of 50,000 or more consumers, households, or devices annually. The proposition (1) no longer counts devices and (2) increases the annual threshold to 100,000 or more consumers or households.

Changes Existing Consumer Data Privacy Requirements. This proposition changes the consumer data privacy requirements that businesses must meet. In some cases, it adds new requirements. For example, the proposition requires businesses to now notify consumers of the length of time they will keep personal data. In other cases, it removes requirements. For example, businesses could refuse to delete student grades or other information under specific conditions.

Provides New Consumer Privacy Rights

This proposition provides consumers with new data privacy rights. These include the right to:

- **Limit Sharing of Personal Data.** Consumers could direct businesses to not share their personal data.
- **Correct Personal Data.** Consumers could direct businesses to take reasonable efforts to correct personal data that they possess.
- **Limit Use of “Sensitive” Personal Data.** The proposition defines certain pieces of personal data as sensitive. Examples include social security numbers, account log-ins with passwords, and health data. Consumers could direct businesses to limit use of their sensitive personal data only to (1) provide requested services or goods and (2) fulfill key business purposes (such as providing customer service).

Changes Existing Penalties and Limits Use of Penalty Revenues

This proposition permits a new penalty of up to \$7,500 for violations of the consumer privacy rights of minors. The proposition also eliminates the ability of businesses to avoid penalties by addressing violations within 30 days of being told of the violation. In addition, the proposition makes data breaches of email addresses along with information that would permit access to an account (such as a password) subject to penalties. The proposition also specifies that businesses which suffer a data breach because reasonable security procedures were not in place can no longer avoid penalties by putting them in place within 30 days after the breach.

In addition, the proposition limits the Legislature’s ability to use CPF revenues for purposes other than consumer privacy. After paying for state trial court and DOJ costs each year, the proposition requires 91 percent of the remaining funds be invested by the state with any interest or earnings sent to the state General Fund. The remaining 9 percent of funds would support public education on consumer privacy and fighting fraud resulting from data breaches.

Creates New State Enforcement Agency

This proposition creates a new state agency, the California Privacy Protection Agency (CPPA), to oversee and enforce the state’s consumer privacy laws. CPPA would be governed by a five-member board and have a wide range of responsibilities. For example, the agency would investigate violations, assess penalties, and develop regulations. Any CPPA decision related to a complaint against a business or a penalty could be reviewed by the state trial courts. This proposition provides \$10 million annually (adjusted over time) from the state General Fund to support the agency’s operations. Some of DOJ’s current responsibilities would be shifted to CPPA, such as developing regulations. The proposition requires the development of a wide range of new regulations. For example, this includes rules for correcting consumer personal data and determining whether businesses must carry out a review of their ability to protect data. However, DOJ could still enforce consumer data privacy laws by prosecuting crimes and filing lawsuits in the state trial courts. If DOJ chooses to take such action or pursue an investigation, DOJ could direct CPPA to stop any investigations or enforcement activities the agency might be pursuing at the same time.

Fiscal Effects

Proposition 24 would impact state costs and state and local tax revenues. The actual size of these effects, however, is uncertain and would depend largely on how consumers, businesses, and

government respond to the proposition. For example, it is unclear how businesses would change their operations and how many violations of this proposition would be investigated and result in penalties.

Increased State Costs for New Agency. As discussed above, this proposition creates a new state agency to oversee and enforce consumer privacy laws. While some workload would shift from DOJ, state costs would also increase because of new or expanded workload. This proposition provides from the state General Fund at least **\$10 million annually** (adjusted over time) to support increased state costs for CPPA operations. This amount is less than 1 percent of the state's current General Fund budget. Depending on how the agency carries out its responsibilities, it is possible that CPPA's actual workload costs could be higher.

Increased State DOJ and Court Costs. This proposition would impact both DOJ and state court workload. DOJ workload could increase if it chooses to investigate and/or file more cases against businesses that do not meet state consumer data privacy laws. However, this workload could be partially or fully offset by reductions in workload from shifting responsibilities from DOJ to CPPA. Additionally, state court workload could increase if the proposition results in more court cases being filed. The costs of the increased workload would depend on the number of investigations started and the types of cases filed in state courts. In total, increased state costs to DOJ and trial courts are not likely to exceed the low millions of dollars annually. Some or all of these costs would be paid by increased revenue from penalties collected from businesses that violate consumer privacy laws.

Potential Impacts on Tax Revenues. The proposition would have various impacts on business and consumers, which could then impact state and local tax revenues. On the one hand, the proposition could reduce tax revenues. This would happen if the cost of meeting the proposition's requirements, such as to correct consumer data, reduces the profit earned by businesses. As a result, businesses would pay less in taxes to state and local governments. On the other hand, the proposition could increase tax revenues. For example, this proposition could reduce the severity or number of data breaches. If this results in businesses and consumers losing less money, tax revenues would increase if consumers then spend more on taxable items and/or businesses earn more revenue. The total net impact on the economy and state and local revenue is unknown.

YES/NO STATEMENT

A **YES** vote on this measure means: Existing consumer data privacy laws and rights would be expanded. Businesses required to meet privacy requirements would change. A new state agency and the state's Department of Justice would share responsibility for overseeing and enforcing state consumer privacy laws.

A **NO** vote on this measure means: Businesses would continue to be required to follow existing consumer data privacy laws. Consumers would continue to have existing data privacy rights. The state's Department of Justice would continue to oversee and enforce these laws.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- Increased state costs of at least \$10 million annually for a new state agency to oversee and enforce consumer privacy laws.

- Increased state costs, not likely to exceed the low millions of dollars annually, for increased court and Department of Justice enforcement workload. Some or all of these costs would be paid by penalties collected for violations of consumer privacy laws.
- Unknown impact on state and local tax revenues due to economic effects resulting from new requirements on businesses to protect consumer data.

BALLOT LABEL

Fiscal Impact: Increased annual state costs of at least \$10 million, but unlikely exceeding low tens of millions of dollars, to enforce expanded consumer privacy laws. Some costs would be offset by penalties for violating these laws.



Proposition 25

REFERENDUM ON LAW THAT REPLACED MONEY BAIL WITH SYSTEM BASED ON PUBLIC SAFETY AND FLIGHT RISK.

ANALYSIS OF MEASURE

Background

Release From Jail Before Trial Can Occur in Two Ways

Placement in Jail After Arrest. People charged with a crime must attend various trial court proceedings before the actual case can be heard in trial court. The first court proceeding—also known as arraignment—involves the court telling people of the charges filed against them and appointing an attorney if needed. Some people who are arrested are taken to county jail before arraignment. County sheriffs running the jail can choose to release the person immediately or place the person in the jail.

Release From Jail Before Trial. Under the State Constitution, people arrested and placed into county jail—except for certain felony crimes—have the right to release before trial. The Constitution specifies that these people shall be released under conditions that are not excessive. When making decisions related to releasing a person before trial, trial courts must consider the (1) seriousness of the crime the person is accused of, (2) person's prior criminal record, and (3) likelihood of the person appearing in court. The courts may use different pieces of information, including risk assessment tools (discussed in more detail below), to help make these decisions.

Under state law, people generally are released from jail before trial in one of two ways:

- **Own Recognizance.** Trial courts can release people on their “own recognizance” (OR), which generally refers to a person's promise to appear at future required court proceedings. County sheriffs running jails can also release people on OR under certain conditions.
- **Bail.** People can be released on bail. Bail generally refers to a financial guarantee that a person will appear in court as required.

Pretrial Risk Assessment Tools. To help with decisions about whether to release people prior to trial, most courts and counties use tools to assess the risk (or likelihood) that a person released will commit a new crime or fail to appear in court. These tools were developed based on research that shows people with certain traits (such as being younger) are more likely to commit a new crime or fail to appear in court. The tools assign points based on people's traits. For example, one tool assigns more points to people who are younger than 22 years of age as they are more likely to commit crimes than older people. Similarly, people who failed to appear in court multiple times in the past are less likely to appear in the future and would receive more points. A person's risk level is determined by the total number of points received. This risk level is then used to help decide if the person should be released and under what conditions.

Release on Bail

Bail Amount Determined by Each Trial Court. State law requires that the trial court in each county adopt a bail schedule. This schedule lists the amount of bail needed for release for each crime. Bail schedules generally vary by county but require more bail for more serious crimes. For example, the current Los Angeles County bail schedule requires \$20,000 for forgery and \$250,000 for arson of a home.

Bail Provided in Two Ways. These ways are:

- ***Provided by Person to Court.*** A person can provide cash, property, or other items to the trial court that equals the amount of bail required for release. This is generally returned if the person appears in court as required.
- ***Provided by Bail Agent.*** A person can pay a nonrefundable fee to a bail agent to buy a bail bond that is backed by an insurance company. This fee is typically no more than 10 percent of the person's bail amount. By providing the bond, the bail agent agrees to pay the full bail amount if the person does not appear in court as required. If this happens, the bail agent can seek repayment from the person.

Failure to Appear Rarely Results in Payment of Full Bail Amount. If a person does not appear in court as required, the court can decide that bail is owed. State law defines when the full bail amount must be paid. For example, bail is not paid if the person is returned to custody by law enforcement or by bail recovery staff (sometimes called "bounty hunters") within 180 days of the court's decision. Bail is also not paid in other cases, such as if the court fails to properly notify the insurance company that bail must be paid. As a result, bail is actually paid in only a small number of cases. Counties and cities receive this paid bail.

Bail Bond Industry Regulated by State. This includes licensing about 2,500 bail agents and monitoring the fee charged for a bail bond set by about 20 insurance companies that back such bonds. The state also investigates and can administratively address complaints against bail agents and insurance companies. Additionally, the state works with local governments to prosecute criminal violations by bail agents and insurance companies in the courts. The state charges fees to help support regulation costs.

In 2018, the bail industry issued about \$6 billion in bail bonds and collected about \$560 million in bail bond fees. Insurance companies are required to pay a 2.4 percent state insurance tax on these fees—about \$13 million in 2018.

Release From Jail Can Occur at Different Times Before Trial

Release Process Before Arraignment. People can generally be released from jail before arraignment after providing bail as listed in the bail schedule for certain crimes. In some counties, trial courts can allow other entities (such as county probation departments) to release certain people on OR before arraignment. These people can be required to obey certain conditions (such as regularly checking in with county probation staff). Those who do not provide bail or are not released on OR are detained until arraignment.

Release Process After Arraignment. At arraignment, the court decides whether to (1) hold people in jail, (2) change the amount of bail required for release, or (3) release the person on OR. People who are not released on OR and unable to provide the required bail generally are held in county jail. The court can require those who are released to obey certain conditions. In some cases, people are charged

fees related to pretrial release. For example, a person may be charged for the cost of electronic monitoring, which may be a condition ordered by the court. The court can modify these decisions until trial or until the case is otherwise resolved.

Passage of New Bail and Pretrial Law in 2018

In 2018, the Legislature passed and the Governor signed a law—Senate Bill (SB) 10—to eliminate bail and change the processes for getting released from jail before trial. This law would have gone into effect on October 1, 2019. However, this did not happen because a referendum on SB 10 qualified for this ballot in January 2019. Under the State Constitution, when a referendum on a new state law qualifies for the ballot, the law goes on hold until voters determine whether to put it in effect.

Proposal

Determines Whether New Bail and Pretrial Law Goes Into Effect. Proposition 25 is a referendum on SB 10 and will determine whether the bill will go into effect. A “yes” vote means SB 10 will go into effect and a “no” vote rejects SB 10. Specifically, approval of this proposition would (1) eliminate release on bail, (2) create a new process for release before arraignment, and (3) change the existing process for release at arraignment.

Eliminates Release on Bail

Proposition 25 eliminates release from county jail on bail before trial.

Creates New Process for Release Before Arraignment

Require Automatic Release for Most Misdemeanor Crimes. This proposition requires people placed in county jail for most misdemeanors, which are less serious crimes than felonies, to be automatically released within 12 hours of being placed in jail. Certain people placed in jail for misdemeanors, such as those placed in jail for domestic violence or who have failed to appear in court more than two times in the past year, would not be automatically released.

Release for Felonies and Some Misdemeanors Require Assessment. This proposition requires that people placed in jail for (1) felonies and (2) misdemeanors that are ineligible for automatic release be assessed for their risk of committing a new crime or failing to appear in court if released. Assessment staff would collect certain information, including each person’s risk level as determined by a pretrial risk assessment tool. Staff would generally be required to release people found to be low risk. Depending on rules made by each trial court, certain medium-risk people would also be released by assessment staff or by a judge. People who are released could be required to obey certain conditions. These conditions could include supervision, such as regular check-ins with county probation staff or electronic monitoring. However, the conditions of low-risk people could not include supervision. The court could change the conditions for good cause. Unlike current law, no fees could be charged as a condition of release. High-risk people, medium-risk people who are not released, and certain others (such as those charged with certain severe felonies, including murder or arson of a home) would remain in county jail until arraignment. Assessment and any release would need to be completed no later than 36 hours from a person being placed in jail.

Trial Courts Responsible for Pretrial Assessment. Proposition 25 makes state trial courts responsible for pretrial assessment. This includes various activities, such as: (1) determining risk levels using pretrial risk assessment tools, (2) collecting additional information related to a person’s risk, (3) releasing certain people based on their risk level, and (4) suggesting conditions of pretrial release to

the court. The trial court could use court employees as assessment staff or contract with certain local public agencies (such as the county probation department) to perform these activities. If neither the court nor an existing local public agency would be willing or able to do so, the court could contract with a new local public agency created specifically to perform these activities.

Changes Process for Release at Arraignment

At arraignment, people in jail would generally be released on OR. District attorneys could request a hearing to detain people in jail until trial regardless of whether they were previously released. People would only be detained in certain circumstances—such as if the court decided there were no conditions that could ensure they would not commit a crime or fail to appear in court. Those released could be required to follow certain conditions but could not be charged fees as a condition of release. After arraignment, the district attorney or public defender could request a detention hearing in certain circumstances, such as if there was new evidence in the case. The court could modify OR decisions and conditions of release in certain circumstances, such as if new information was provided by pretrial assessment staff.

Fiscal Effects

Proposition 25 would impact both state and local costs. The actual size of these effects is uncertain and would depend on how the proposition is interpreted and implemented. For example, it is unclear how many people the courts would release pretrial and the conditions they would be required to follow. As such, the effects could be higher or lower than the estimates below.

Increased State and Local Pretrial Release Costs. The new pretrial release process would increase workload for state trial courts, as well as county district attorneys and public defenders. For example, there would be workload related to the new detention hearings. This increase in workload could be offset by reductions in other workload. For example, workload from hearings about the amount of bail required would be eliminated.

Additionally, state costs would increase as the state trial courts would be responsible for pretrial assessment. The state would also likely have increased supervision costs, such as due to an increase in the number of people being supervised after being released pretrial.

In total, **increased state and local pretrial costs could be in the mid hundreds of millions of dollars annually.** This amount is less than 1 percent of the state's current General Fund budget. The actual size of the increase in costs would depend on various factors. Major factors include the number of people released pretrial, their conditions of release (such as how much supervision is required), and the costs of these conditions. It is unclear whether some of the increased state costs would be offset by existing local government spending on pretrial workload.

Decreased County Jail Costs. This proposition would reduce county jail populations. This is largely because more people would likely be released pretrial on OR rather than remain in jail. For example, some people who would have been unable to pay bail would be released under the new pretrial process. However, some of this decline in the jail population could be offset by other factors. For example, some people—who otherwise would have been released on bail—could end up being detained until trial. On net, we estimate that the reduction in the jail population would reduce costs to local county jails, possibly in the high tens of millions of dollars annually. The actual decrease would depend on the number of people placed into jail as well as release decisions made by the courts. These resources would likely be redirected to other county activities.

Impact on State and Local Tax Revenues. This proposition would impact both state and local tax revenues. On the one hand, it would reduce state and local tax revenues. For example, insurance companies would no longer pay taxes on bail bond fees. On the other hand, state and local tax revenues could increase. For example, people could buy goods with money that would have otherwise been spent on bail bond fees. If these goods were subject to sales taxes, this would increase both state and local tax revenues. The total net impact on state and local tax revenues is unknown.

YES/NO STATEMENT

A **YES** vote on this measure means: No one would pay bail to be released from jail before trial. Instead, people would either be released automatically or based on their assessed risk of committing another crime or not appearing in court if released. No one would be charged fees as a condition of release.

A **NO** vote on this measure means: Some people would continue to pay bail to be released from jail before trial. Other people could continue to be released without paying bail. Fees may continue to be charged as a condition of release.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- Increased 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. Unclear whether some of the increased state costs would be offset by local funds currently spent on this type of workload.
- Decreased county jail costs possibly in the high tens of millions of dollars annually.
- Unknown net impact on state and local tax revenues generally related to people spending money on goods rather than paying for release from jail prior to trial.

BALLOT LABEL

Fiscal Impact: Increased costs possibly in mid hundreds of millions of dollars annually for a new process for release from jail prior to trial. Decreased county jail costs, possibly in high tens of millions of dollars annually.