



CITY COUNCIL AGENDA REPORT

MEETING DATE: 10/6/2020

DEPARTMENT: City Manager

SUBJECT:

DISCUSSION OF PROPOSITIONS ON THE UPCOMING NOVEMBER THIRD BALLOT

RECOMMENDED ACTION(S):

Exercise City Council discretion regarding adoption of positions relative to the propositions on the upcoming November 3, 2020 ballot.

EXECUTIVE SUMMARY:

The City Council voted to oppose Proposition 15, regarding commercial and industrial property tax assessments, at its meeting of September 1, 2020. At its meeting of September 15, 2020, the City Council provided consensus to discuss the remaining propositions for consideration on the upcoming November 3, 2020 ballot. The following table lists the propositions for consideration:

Table: California Propositions on the November 3, 2020 Ballot

Proposition Number	Proposition Title
14	Authorizes Bonds Continuing Stem Cell Research. Initiative Statute.
15	Increases Funding for Public Schools, Community Colleges, and Local Government Services by Changing Tax Assessment of Commercial and Industrial Property. Initiative Constitutional Amendment.
16	Allow Diversity as a Factor in Public Employment, Education, and Contracting Decisions. Legislative Constitutional Amendment.
17	Restores Right to Vote After Completion of Prison Term. Legislative Constitutional Amendment.
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.

19	Changes Certain Property Tax Rules. Legislative Constitutional Amendment.
20	Restricts Parole for Non-Violent Offenders. Authorizes Felony Sentences for Certain Offenses Currently Treated Only as Misdemeanors. Initiative Statute.
21	Expands Local Governments' Authority to Enact Rent Control on Residential Property. Initiative Statute.
22	Exempts App-Based Transportation and Delivery Companies from Providing Employee Benefits to Certain Drivers. Initiative Statute.
23	Establishes State Requirements for Kidney Dialysis Clinics. Requires On-Site Medical Professional. Initiative Statute.
24	Amends Consumer Privacy Laws. Initiative Statute.
25	Referendum on Law that Replaced Money Bail with System Based on Public Safety and Flight Risk.

This report provides the ballot title, ballot summary, and fiscal impact for each of these propositions as published by the California Secretary of State.

DISCUSSION:

Proposition 14

Ballot Title: Authorizes Bonds Continuing Stem Cell Research. Initiative Statute.

Ballot Summary:

- Authorizes \$5.5 billion in state general obligation bonds to fund grants from the California Institute of Regenerative Medicine to educational, non-profit, and private entities for: stem cell and other medical research, including training; stem cell therapy development and delivery; research facility construction; and associated administrative expenses.
- Dedicates \$1.5 billion to research and therapy for Alzheimer's, Parkinson's, stroke, epilepsy, and other brain and central nervous system diseases and conditions.
- Appropriates General Fund moneys to pay bond debt service.
- Expands programs promoting stem cell and other medical research, therapy development and delivery, and student and physician training and fellowships.

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

Proposition 15¹

Ballot Title: Increases Funding for Public Schools, Community Colleges, and Local Government Services by Changing Tax Assessment of Commercial and Industrial Property. Initiative Constitutional Amendment.

Ballot Summary:

- Increases funding for K-12 public schools, community colleges, and local governments by requiring that commercial and industrial real property be taxed based on current market value, instead of purchase price.
- Exempts from taxation changes: residential properties; agricultural land; and owners of commercial and industrial properties with combined value of \$3 million or less.
- Any additional educational funding will supplement existing school funding guarantees.
- Exempts small businesses from personal property tax; for other businesses, provides \$500,000 exemption.

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

Ballot Title: Allow Diversity as a Factor in Public Employment, Education, and Contracting Decisions. Legislative Constitutional Amendment.

Ballot Summary:

- Permits government decision-making policies to consider race, sex, color, ethnicity, or national origin to address diversity by repealing article I, section 31, of the California Constitution, which was added by Proposition 209 in 1996.
- Proposition 209 generally prohibits state and local governments from discriminating against, or granting preferential treatment to, individuals or groups on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, education, or contracting.
- Does not alter other state and federal laws guaranteeing equal protection and prohibiting unlawful discrimination.

Fiscal Impact:

- No direct fiscal effect on state and local entities because the measure does not require any change to current policies or programs.

¹ The City Council adopted resolution opposing Proposition 15 at its meeting of September 1, 2020.

- 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.

Proposition 17

Ballot Title: Restores Right to Vote After Completion of Prison Term. Legislative Constitutional Amendment.

Ballot Summary:

- Amends state constitution to restore voting rights to persons who have been disqualified from voting while serving a prison term as soon as they complete their prison term.

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.

Proposition 18

Ballot Title: 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.

Ballot Summary:

- The California Constitution currently permits individuals who are at least 18 years old on the date of an election to vote in that election.
- Amends constitution to permit 17-year-olds who will be at least 18 years old and otherwise eligible to vote at the time of the next general election to vote in any primary or special election that occurs before the next general election.

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.

Proposition 19

Ballot Title: Changes Certain Property Tax Rules. Legislative Constitutional Amendment.

Ballot Summary:

- Permits homeowners who are 55, severely disabled, or whose homes were destroyed by wildfire or disaster, to transfer their primary residence's property tax base value to a replacement residence of any value, anywhere in the state.
- Limits tax benefits for certain transfers of real property between family members.
- Expands tax benefits for transfers of family farms.
- Allocates most resulting state revenues and savings (if any) to fire protection services and reimbursing local governments for taxation-related changes.

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.

Proposition 20

Ballot Title: Restricts Parole for Non-Violent Offenders. Authorizes Felony Sentences for Certain Offenses Currently Treated Only as Misdemeanors. Initiative Statute.

Ballot Summary:

- Limits access to parole programs established for non-violent offenders who have completed the full term of their primary offense by eliminating eligibility for certain offenses.
- Changes standards and requirements governing parole decisions under this program.
- Authorizes felony charges for specified theft crimes currently chargeable only as misdemeanors, including some theft crimes where the value is between \$250 and \$950.
- Requires persons convicted of specified misdemeanors to submit to collection of DNA samples for state database.

Fiscal Impact:

- Increased state and local correctional costs likely in the tens of millions of dollars annually, primarily related to increases in county jail populations and levels of community supervision.
- Increased state and local court-related costs of 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.

Proposition 21

Ballot Title: Expands Local Governments' Authority to Enact Rent Control on Residential Property. Initiative Statute.

Ballot Summary:

- Amends state law to allow local governments to establish rent control on residential properties over 15 years old. Allows local limits on annual rent increases to differ from current statewide limit.
- Allows rent increases in rent-controlled properties of up to 15 percent over three years at start of new tenancy (above any increase allowed by local ordinance).
- Exempts individuals who own no more than two homes from new rent-control policies.
- In accordance with California law, prohibits rent control from violating landlords' right to fair financial return.

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

Ballot Title: Exempts App-Based Transportation and Delivery Companies from Providing Employee Benefits to Certain Drivers. Initiative Statute.

Ballot Summary:

- Classifies drivers for app-based transportation (rideshare) and delivery companies as "independent contractors," not "employees," unless company: sets drivers' hours, requires acceptance of specific ride and delivery requests, or restricts working for other companies.
- Independent contractors are not covered by various state employment laws—including minimum wage, overtime, unemployment insurance, and workers' compensation.

- Instead, independent-contractor drivers would be entitled to other compensation—including minimum earnings, healthcare subsidies, and vehicle insurance.
- Restricts certain local regulation of app-based drivers.
- Criminalizes impersonation of drivers.

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

Proposition 23

Ballot Title: Establishes State Requirements for Kidney Dialysis Clinics. Requires On-Site Medical Professional. Initiative Statute.

Ballot Summary:

- Requires at least one licensed physician on site during treatment at outpatient kidney dialysis clinics; authorizes California Department of Public Health to exempt clinics from this requirement if there is a shortage of qualified licensed physicians and the clinic has at least one nurse practitioner or physician assistant on site.
- Requires clinics to report dialysis-related infection data to state and federal governments.
- Prohibits clinics from closing or reducing services without state approval.
- Prohibits clinics from refusing to treat patients based on the source of payment for care.

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

Proposition 24

Ballot Title: Amends Consumer Privacy Laws. Initiative Statute.

Ballot Summary:

- Permits consumers to: (1) prevent businesses from sharing personal information; (2) correct inaccurate personal information; and (3) limit businesses' use of "sensitive personal information"—including precise geolocation; race; ethnicity; religion; genetic data; private communications; sexual orientation; and specified health information.
- Establishes California Privacy Protection Agency to additionally enforce and implement consumer privacy laws and impose fines.
- Changes criteria for which businesses must comply with laws.
- Prohibits businesses' retention of personal information for longer than reasonably necessary.
- Triples maximum penalties for violations concerning consumers under age 16.

- Authorizes civil penalties for theft of consumer login information, as specified.

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.

Proposition 25

Ballot Title: Referendum on Law that Replaced Money Bail with System Based on Public Safety and Flight Risk.

Ballot Summary:

- Replaced the money bail system (for obtaining release from jail before trial) with a system based on a determination of public safety and flight risk.
- Limits detention of a person in jail before trial for most misdemeanors.

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.

At this time, staff is seeking City Council direction, if any, regarding adoption of positions relative to the propositions herein discussed.

FISCAL IMPACT:

There is minimal fiscal impact associated with the recommended action.

ATTACHMENTS:

None.

Submitted By: Nicole Miller McDaniel, Management Analyst
Approved By: Debra Rose, City Manager