

SWCLC
Southwest California
Legislative Council
A coalition of the
Temecula Valley, Murrieta, Lake Elsinore Valley, Wildomar & Menifee
Chambers of Commerce

MEETING AGENDA

Monday, August 18, 2014

Realtor House, 26529 Jefferson Avenue, Murrieta CA

Presiding: Alex Braicovich, Chair

2014 Strategic Initiatives

Budget & Tax Reform / Job Creation and Retention / Healthcare / Infrastructure & The Environment

Call to Order, Roll Call & Introductions: 12:00 p.m.

Chair Report

Agenda Items

1. Approval of July 2014 Meeting Minutes **Action**
2. Legislative Report #8 **Action**
 1. [SB 1139 \(Hueso D\) California Renewables Portfolio Standard Program](#)
 2. [SB 850 \(Block\) Public postsecondary education: community college districts: baccalaureate degree pilot program](#)
 3. [SB 812 \(DeLeon D\) Hazardous waste](#)
3. Qualified Ballot Propositions **Action**

Eight statewide ballot propositions are certified for the 2014 ballot in California: Two on the state's June ballot and six on the state's November ballot. The two measures on the June ballot were **approved** by voters.

Two of the 2014 certified ballot propositions had previously been approved to appear on ballots in earlier years. The [Rainy Day Fund Amendment](#) and the [Water Bond Measure](#) had previously been scheduled for the state's 2012 ballot. However, when Gov. Brown signed [SB 202](#) on October 7, 2011, the [Rainy Day Fund Amendment](#) was moved to the 2014 ballot.

 1. [Proposition 43 \(LBM\) - Bonds: \\$1.1 billion bond for California's water system](#)
 2. [Proposition 44 \(LRCA\) - Government Finance: Increase amount of potential savings in the state 'rainy day fund' from 5% to 10% of the General Fund](#)
 3. [Proposition 45 \(CISS\) - Insurance: Public notice required for insurance company rate initiative](#)
 4. [Proposition 46 \(CISS\) - Healthcare: Increase the cap on damages that can be assessed in medical negligence lawsuits to over \\$1 million](#)
 5. [Proposition 47 \(CISS\) - Criminal Trials: Reduced the penalty for most nonviolent crimes from a felony to a misdemeanor](#)
 6. [Proposition 48 \(VR\) - Gambling: Ratification of gaming compacts with the North Fork Rancheria of Mono Indians and the Wiyot Tribe.](#)
4. Legislator, Staff and Stakeholder Updates **Information**

Federal: Senators Feinstein & Boxer. Representatives Calvert & Hunter
State: Governor Brown, Senators Anderson & Roth, Assemblymembers Melendez, Waldron & Jones
Local: County, Cities, Utilities, EDC, Healthcare, League of Cities
5. Chamber & Council Member Announcements **Information**

6. Today's lunch sponsored by:



Thank you

Adjourn – Next meeting September 15, 2014.

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**Southwest California Legislative Council
Menifee Valley Chamber of Commerce
Murrieta Chamber of Commerce
Temecula Valley Chamber of Commerce
Lake Elsinore Chamber of Commerce
Wildomar Chamber of Commerce
Meeting Minutes
July 21, 2014**

Legislative Consultant: Gene Wunderlich

2014 Chair: Alex Braicovich

Directors Attendance:

Steve Amante, Amante & Associates
Vicki Carpenter, Coldwell Banker
Matt Buck, California Apartment Association
Pietro Canestrelli, Reid & Hellyer APC
Glen Daigle, Oakgrove Equities
Dennis Frank, D.R. & Associates

Greg Morrison, EVMWD
Don Murray, Commerce Bank of Temecula Valley
Brad Neet, Southwest Healthcare Systems
Joan Sparkman, Southwest Healthcare Systems
Gary Thornhill, Gary Thornhill Consulting

Directors Absent:

Judy Guglielmana, Town & Country Real Estate; Jason Hope, JD Promotions; Tony LoPiccolo, LoPiccolo Consultants; Shaura Olsen, Walmart

Council Guests:

Andy Abeles, Rancon Real Estate
Patti Arlt, MWD
Jeff Bott, TCA-The Toll Roads
Danielle Coats, EMWD
John Denver, City of Menifee
Michael Garrison, Assemblywoman Melissa Melendez
Noor Harmoush, Senator Joel Anderson
Verne Lauritzen, Supervisor Jeff Stone
Samantha Lawless, Senator Joel Anderson
Alan Long, Mayor of Murrieta
Betsy Lowrey, City of Temecula
Doug McAllister, McAllister Strategies

Jami McNees, Temecula Ins.
Morris Myers, EDC
Myles Ross, Sunbelt Business Sales
Adam Ruiz, 1st Action Real Estate
Yvonne Ruiz, Wine Country Notary
Erin Sasse, League of Cities
Rebecca Shear'Ree, Keller Williams
Baldev Singh Vi'j, Singma Investments
Darlene Wetton, Temecula Valley Hospital
Rich Williamson, RCWD
Sandy Windbigler, CA Public Utilities Commission

Staff: Patrick Ellis – Murrieta Chamber of Commerce
Wendy Mitchell- Wildomar Chamber of Commerce
Alice Sullivan – Temecula Valley Chamber of Commerce
Laura Turnbow - Temecula Valley Chamber of Commerce
Dorothy Wolons – Menifee Chamber of Commerce

Meeting called to order at: 12:09 by Chairman Alex Braicovich

1. Approval of Minutes Action

Directors reviewed the minutes from the June 16, 2014 meeting. **The motion was made to approve the minutes. The motion was seconded and carried by a unanimous vote.**

2. Legislative Report #7 Action

AB 52 (Gatto-D) – Native Americans: California Environmental Quality Act. **Following discussion the motion was made to OPPOSE AB 52 with a letter being sent to the Pechanga Tribe explaining our position is not against the tribe but against the bill. The motion was seconded and carried by a unanimous vote.**

SB 998 (Knight-R) – Taxes: exemption and credits: new aerospace projects. **Following discussion the motion was made to SUPPORT SB 998. The motion was seconded and carried by a unanimous vote.**

AB 2235 (Buchanan-D) – Education facilities: Kindergarten-University Public Education Facilities Bond Act. **Following discussion the motion was made to SUPPORT AB 2235. The motion was seconded and carried by a unanimous vote.**

SB 1270 (Pavley-D) – Surface mining operations. **Following discussion the motion was made to OPPOSE SB 1270. The motion was seconded and carried by a unanimous vote.**

Rancho California Water District Proposed Septic Regulation. **Following discussion the proposal was broken down into two parts: 1) A motion was made to SUPPORT the development of a Temecula Valley Wine Country Task Force. The motion was seconded and carried by a unanimous vote. 2) A motion was made to TABLE a decision on the proposal AS STATED until further information can be gathered. The motion was seconded and carried by a unanimous vote.**

3. BDCP Support Letter Information

Report by Gene Wunderlich

Council Members and Guests were urged to send a letter in SUPPORT of the Bay Delta Conservation Plan EIR/EIS Alternative #4. Patti Arlt from MWD asked for individual letters and Chamber action on this issue.

4. Immigration Update Mayor Alan Long – City of Murrieta Information

In June there were rumors being circulated that Homeland Security was going to be sending immigrants from Texas to Murrieta. Border Patrol did eventually call the city of Murrieta to inform them that they would be receiving 500 illegal immigrants every 72 hours to be processed at the Murrieta facility. Border Patrol denied their request due to the fact that the facility was not make to house that many individuals at a time or for any lengthy period of time. The city also pushed back politically with the help of Congressman Ken Calvert and Supervisor Jeff Stone. So, the delivery was cancelled. The following week they were told 300 would be arriving every 72 hours, but Border Patrol once again denied their request, which the city backed. The delivery was cancelled once more. During this time the city residents were becoming uneasy and they were convinced that all of this was a lie and that the delivery was still going to be made. On June 30th, the call came that they would be sending 140 immigrants every 72 hours and that this one would not be cancelled. Planning began to receive these individuals. There were many unanswered questions. A press conference was held on Monday July 7th to give all of the facts to the residents of Murrieta to help get the truth out and calm the rumors. A town hall meeting was scheduled for Wednesday, July 9th. The only action that was called for was to contact state leaders and to keep Murrieta safe. After the press conference, Mayor Long, Councilman Rick Gibbs, Supervisor Stone, Congressman Calvert and Border Patrol agents toured the Murrieta facility. This was no place for children. There were no meals, no diapers, no formula, so we were asking where were they going to get these needs and they answered that they were no sure. These were major concerns. On Tuesday the buses showed up and protestors were ready, although no protests were called for. It was mainly a peaceful confrontation with 300 protestors and 7 Murrieta police officers. The protestors blocked the road and the officers became a barrier between the protestors and the buses. There were 4 Border Patrol officers on the other side of the fence and they did not help. There was no communication between Border Patrol and the Murrieta police officers. After much protesting, the Border Patrol decided to have the buses diverted to San Diego. This quickly became a race issue. Mayor Long was being termed a racist. He had to use his own ethnicity to prove otherwise. This has become a Federal problem. Obama has designated funds, but much of the funds are not going to help with this issue. The Cartel has made this a 240 million dollar industry for human trafficking. They are showing a video of Obama giving a pro-amnesty speech and telling the people that they will get them across our border for anywhere from \$2000 to \$10,000. At first the news back to these other countries was that it was true, hence the influx. But after the Murrieta protest the influx has fallen from 1500 people a day crossing the border to only 500 a day. There

are no more planes coming to California, because Texas can process that number without help. Reform is what is needed to change the laws that are broken.

5. Legislator, Staff and Stakeholder Updates

Information

Supervisor Jeff Stone

Report by Verne Lauritzen

The EDD just produced economic overview with some interesting information for the 3rd district. Our population is up to 468,000. We have exported \$14 billion dollars worth of money, imported \$18 billion dollars. Supervisor Stone is going to introduce a proposition to retain 25% of the sales tax in wine country to stay in wine country to help with infrastructure improvements. There has been an 11.3% growth in the 3rd district as opposed to 4% statewide. The biggest demographic in age is 10-19 years old, we have 161,000 jobs in the 3rd district, the largest demographic of jobs is retail and the second is government. A ballot proposition, Prop 47, has qualified for the upcoming ballot and it will propose to reclassify many crimes from felony to misdemeanor in California claiming that this classification will save money that they will give to education and the correctional department. It is opposed by many law enforcement agencies. It will early release around 10,000 additional inmates. There will be no more petty criminals in our prisons because they are sent to diversion programs. It is a poorly written proposition. The Supervisor will be writing a resolution to the board of Supervisors suggesting that the County of Riverside take a position of opposition.

Assemblywoman Melissa Melendez

Report by Michael Garrison (new District Director)

Assemblywoman Melendez sent a 2 page letter to the Governor requesting emergency resources for the immigration situation should the need arise.

Report Deni Horne

3 bills alive in the Senate.

September 4th – Senior Scam Stopper

September 13th – Veteran's Expo at the Wildomar Elks Lodge.

Senator Joel Anderson

Report by Samantha Lawless

SB 935 – Minimum wage increase – voted no.

SB 974 – Health Benefit exchange – voted yes.

City of Lake Elsinore

City Council approved 6.4 million in TRIP bonds to make improvements in our local roadways in the next few years. More than 40 lane miles in the city of October this year. The Railroad Canyon intersection is going into project approval and environmental document phase. We are considering traditional improvements and also looking into the possibility of a European style round-about set up. The presentation will be made at the city council meeting on August 26th, 2014. The temperatures are rising and the levels of Lake Elsinore are diminishing. We are working with the Lake Elsinore/San Jacinto Water Shed Authority to identify treatment and promotional efforts to prepare for increasing temperatures next month by increasing a contingency plan in the case a fish kill become more imminent. Our State of the City with Mayor Natasha Johnson is planned for Friday, October 17th at Summerly Golf Course at 8 am.

5. Chamber & Council Member Announcements

Information

Murrieta Chamber of Commerce

Report by Patrick Ellis

July 26th – 54th Annual Awards Dinner

August 7th – Rancho Ford Mixer

Wildomar Chamber of Commerce

Report by Wendy Mitchell

July 25th – Ribbon Cutting at Snackx in Wildomar at 3 pm.

July 25th – Wildomar Community Night at the Storm Stadium to support the Freedom Swing.

August 6th – Wake Up Wildomar Breakfast with Mark Dennis from the LEUSD.

5. Lunch Sponsor _____ DeJong's Dairy _____ Alex
Braicovich thanked DeJong's Dairy for sponsoring lunch today.

Motion to Adjourn at 2:04 p.m.

SB 1139 (Hueso D) California Renewables Portfolio Standard Program**Recommended action: OPPOSE****Presentation: Gene Wunderlich****Description:**

Geothermal Procurement Mandate. Increases the cost of energy by requiring the procurement of 500 MW of new geothermal energy.

This Bill:

This bill requires investor-owned utilities and retail sellers of electricity as defined in the **Renewable Portfolio Standard (RPS)** to purchase 500 megawatts (MW) of electricity generated by new geothermal power plants by 2024. Specifically, this bill:

- 1) Requires each retail seller, **by 2024**, to procure its proportionate share of 500 MW of electricity produced by **new geothermal power plants** that meets the Bucket 1 category established by the RPS. The geothermal projects must demonstrate an environmental benefit.
- 2) Requires the California Energy Commission (CEC) to determine the proportionate share for each retail seller based on the forecast of retail sales for 2018.
- 3) Requires each retail seller to file with the PUC for approval a plan for procuring its share of new geothermal, **at least one-half of which must be procured by 2019**. Permits retail sellers to aggregate their procurement in order to minimize administrative and contracting costs.
- 4) Authorizes the **PUC to determine** if the new geothermal electricity procured pursuant to this bill will count toward the procurement targets established by the RPS.
- 5) Requires the new geothermal electricity to be procured to reasonably minimize costs, but **prohibits the application of the cost limits** required by the RPS for each IOU.
- 6) Requires the PUC to issue an order instituting an investigation to examine expiring geothermal contracts by July 1, 2015.

Purpose:

According to the author, geothermal is a renewable, abundant, affordable source of clean energy. However, only a fraction of the geothermal resources that could be supplying California consumers are currently being tapped.

The author further states, the Salton Sea Known Geothermal Resource Area provides one of the greatest opportunities for geothermal development in the country but is currently producing less than 500 MW of power. According to the author, this is a wasted opportunity to develop a resource, produce hundreds of new skilled construction and operation jobs, hedge against fuel price increases and reduce greenhouse gas and fossil fuel emissions.

Background. Geothermal energy is thermal energy generated and stored in the earth. It is a clean, renewable resource that provides energy through a variety of applications and types of resources. California has 25 Known Geothermal Resource Areas (KGRAs).

Electricity can be generated from high temperature geothermal resources by using the thermal (heated) water and steam to move turbines that in turn run electrical generators and produce electricity. There are several types of geothermal power plants that can be used to generate electricity, including dry steam, flash or double flash, and binary cycle power plants.

The most developed of the high-temperature geothermal resource areas in the state is the Geysers. Located north of San Francisco, the Geysers project was first tapped as a geothermal resource to generate electricity in 1960. It is one of only two locations in the world where a high-temperature, dry steam resource is found that can be directly used to move turbines and generate electricity.

Other major geothermal electrical production locations in the state include the Salton Sea area in Imperial County, the Coso Hot Springs area in Inyo County, and the Mammoth Lakes area in Mono County.

Renewable Portfolio Standard. The RPS requires retail sellers of electricity as well as publicly-owned utilities (POUs) to procure eligible renewable energy resources to meet the following portfolio targets: a) **20% on average**

by December 31, 2013; b) 25% by December 31, 2016; and 33% by December 31, 2020 and each year thereafter. Eligible renewable generation facilities must use biomass, solar thermal, photovoltaic, wind, geothermal, renewable fuel cells, small hydroelectric, digester gas, limited non-combustion municipal solid waste conversion, landfill gas, ocean wave, and ocean thermal or tidal current.

The RPS establishes balanced portfolio requirements for procurement based on three categories (or "buckets") of renewable energy products, essentially categorized as baseload, intermittent, and unbundled renewable energy credits (RECs) for which the original source of energy must be located within the western grid, but is not required to have a physical connection to California. Unlike solar and other intermittent resources, geothermal is a baseload or Bucket 1 resource, i.e. one that does not require the additional of nonrenewable energy for reliability.

Support.

This bill is supported by a broad coalition of labor organizations, environmental groups, and Imperial County interests. Supporters state the development of 500 MW of geothermal power will deliver numerous benefits to California, including a reduction in greenhouse gas emissions without negatively impacting system reliability.

Supporters further state the expansion of geothermal will create tens of thousands of high-paying construction jobs in area of the state suffering from some of the highest rates of unemployment. Other supporters claim this bill will provide greater balance to the state's energy portfolio by increasing renewable base load generation.

Opposition.

This bill is opposed by consumer groups, the Public Utilities Commission, the IOUs, and numerous businesses and renewable energy companies who contend this bill will burden ratepayers with high energy costs relative to the market.

Opponents further argue this bill disregards current renewable energy policy, ignores a competitive solicitation process, and unevenly applies a statewide policy. Others claim it would allow new geothermal developers to bypass market competition, and thus adversely impact the ability for California to meet its renewable energy goals while ensuring just and reasonable rates. Yet others state that requirements in the bill would be costly and almost impossible to implement.

Threatens Jobs in Certain Parts of the State

SB 1139 will eliminate jobs in existing renewable project facilities and the substantial investments that were made in order to build them. Because there is limited space for base load power on California's grid, utilities are only able to procure up to a certain amount to meet the energy needs of the state's consumers while maintaining a balanced grid. In order to make room for the power mandated to be purchased under SB 1139, existing projects whose contracts are expiring will likely not be renewed in order to make space for the geothermal purchased as a result of SB 1139. Jobs in Lake, Kern, Fresno, Tulare, San Joaquin and many other counties still plagued with double digit unemployment will be lost in an attempt to create jobs in other parts of the state.

Increased Cost to Ratepayers

SB 1139 is contrary to the least-cost, best-fit project selection that is ideal for grid reliability while keeping costs for customers as low as possible. The mandate in SB 1139 makes the procurement outside of the competitive bidding process. In addition, SB 1139 fails to acknowledge the work underway by the Public Utilities Commission to establish cost containment for generation of renewable projects. Per kilowatt hour electricity rates in California are already among the highest in the nation. Without competitive bidding and cost containment, SB 1139 will force the IOUs to purchase more expensive power which will be passed on to the ratepayers.

Unequal application of rate increases

The increased costs will not be equally applied to all rate payers. SB 1139 exempts public owned utilities. As a result, a smaller number of customers in the state will be shouldering the increased costs while publically owned utility customers will not be subject to the same costs.

SUPPORT:

Blue Green Alliance
Board of Supervisors – Imperial County
Board of Supervisors – Riverside County
CA State Association of Electrical Workers
Cal Energy
California State Council of Laborers
City of Imperial

City of Indio
Coachella Valley Economic Partnership
County of Imperial
Defenders of Wildlife
Desert Valleys Builders Association
Enel Green Power North America
Energy Source

Environment California
Geothermal Energy Association
Greater Palm Springs Convention & Visitors Bureau
GreenFire Energy
Imperial County Building Construction Trades Council
Imperial County Workforce Development
Imperial Irrigation District
Imperial Valley Economic Development Corporation

Imperial Valley Regional Occupational Program
Latino Water Coalition
Light Source Renewables
MidAmerican Renewables
National Electrical Contractors Association
Ormat
Salton Sea Authority
Sierra Club California
U.S. Geothermal Inc

OPPOSITION:

Board of Supervisors – Lassen County
California Biomass Energy Alliance
California Chamber of Commerce
California Manufacturers & Technology Association
California Wind Energy Association
City of Los Angeles
City of Los Angeles Department of Water and Power

M-S-R Public Power Agency
Office of Ratepayer Advocates
Pacific Gas & Electric
Sacramento Municipal Utilities District
San Diego Gas & Electric
Southern California Edison
Southern California Public Power Authority

Status:

Assembly Com. on Appropriations (Suspense)

Votes:

Anderson - NO
Roth - AYE

Legislative Report Item 2	Action Item
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[SB 850 \(Block\) Public postsecondary education: community college districts: baccalaureate degree pilot program](#)

Recommended action: SUPPORT
Presentation: Gene Wunderlich

Description:

New Degree Programs. Establishes a pilot program in the California Community College System allowing the Chancellor to select certain community colleges to each offer a single bachelor's degree program in a subject area related to an unmet workforce need in its local community that does not overlap with any degree programs offered at nearby postsecondary institutions.

Bill Summary:

This bill establishes a pilot program authorizing community college districts to establish baccalaureate degree programs. Specifically, this bill:

- 1) Authorizes the California Community College (CCC) Board of Governors (BOG), in consultation with the California State University (CSU) and the University of California (UC), to approve a baccalaureate degree program in up to 15 districts. A program must enroll its first students by 2017-18 and participating students must complete their degrees by the 2022-23. Sunsets the pilot program on January 1, 2024.
- 2) Requires districts, as a condition for eligibility to participate in the pilot program, to have a written policy requiring all students seeking a BOG fee waiver to instead submit either a Free Application for Federal Student Aid (FAFSA) or a California Dream Act application.

- 3) Stipulates that a district may offer only one baccalaureate degree program at one campus within the district and requires districts to identify and document unmet workforce needs and to not offer a program already offered by CSU or UC.
- 4) Requires a district seeking to participate in the pilot program to submit specified information for review by the CCC Chancellor and approval by the BOG.
- 5) Requires the BOG, by March 31, 2015, to adopt regulations establishing a funding model, for each full-time equivalent student in the program, which is not to exceed the CCC's marginal cost for credit instruction, as established in current law.
- 6) Stipulates that student fees for lower division coursework shall not exceed CCC student fee amounts and that fees for upper division coursework shall equal the CCC fee plus \$84 per unit.
- 7) Requires the Department of Finance and Legislative Analyst's Office to jointly conduct interim and final evaluations of the pilot program, as specified, and report to the Legislature and the Governor. The interim evaluation is due July 1, 2018 and the final evaluation is due by July 1, 2022.

FISCAL EFFECT

- 1) Ongoing General Fund costs to the Chancellor's Office in the range of \$350,000 for three to four staff to establish and monitor district programs, including developing guidelines and reviewing, approving, and monitoring participating districts' baccalaureate degree programs.
- 2) Significant one-time and ongoing costs to participating districts for establishing and operating the programs, including any needed capital improvements and equipment purchases. Since participation by districts is voluntary, these costs are not reimbursable and will be offset by state apportionments and student fee revenues. To the extent that students who participate in the program would otherwise have attended a CSU campus, the state cost for the student's enrollment would likely be similar.
- 3) Minor absorbable costs for DOF and LAO to conduct statewide program evaluations.

ARGUMENTS IN SUPPORT:

According to the author, "the state faces an urgent need to increase the number of Californian's with four-year degrees by 2025, necessitating an additional 60,000 baccalaureate degrees per year. This bill seeks to find new methods for addressing this skills gap by authorizing the offering of baccalaureate degrees at CCCs. According to the author, this bill is patterned after the applied baccalaureate degree model offered in community colleges of more than twenty other states."

This bill prohibits a participating community college district from offering a baccalaureate degree that is offered by a CSU or a UC; with that in mind, the bill only allows for the awarding of what translates to very specific four-year degrees that are career technical in nature.

According to several community college districts interested in participating in the pilot, the following is a brief list of the types of four-year degrees that might be offered in the pilot: a) dental hygiene; b) industrial technology; c) allied health technology; d) emergency medical technician; and e) data management for health care.

ARGUMENTS IN OPPOSITION:

The California Teachers Association argues in part that this bill would alter the master plan for education by changing the mission of CCCs. The focus of CCCs has not been the education of students who would be traditionally served by the CSU system. We believe that a systemic study regarding the role of the CCCs as well as the role of the CSU in regard to the services they provide for students should first be conducted to assess the appropriateness of proposing these changes within the CCC system as opposed to the CSU.

Support:

- | | |
|--|---|
| American Legion - Department of California | City of South Lake Tahoe |
| AMVETS - Department of California | Coastline Community College |
| Bakersfield College | Contra Costa Community College District |
| Barton Health Board of Directors | CEO'S of the CCC Board of the California |
| California Association of County Veterans Service Officers | Community College League |
| California Chamber of Commerce | Foothill-De Anza Community College District |
| California State Commanders Veterans Council | Gavilan College |
| Citrus Community College District | Golden West College |
| | Grossmont-Cuyamaca Community College District |

Imperial Community College District
Kern Community College District
Lake Tahoe South Shore Chamber of Commerce
Lake Tahoe Visitor's Authority
Los Angeles Community College District
Mid-Peninsula Dental Society
MiraCosta Community College District
Napa Valley Community College District
Oceanside Chamber of Commerce
Pasadena Community College District
Rancho Santiago Community College District
Repertory Care Board of California
San Bernardino Community College District
San Diego and Imperial Counties Community Colleges Association
San Diego Community College District
San Diego Military Advisory Council
San Diego Regional Chamber of Commerce
San Diego Regional Economic Development Corporation

San Diego Unified School District
San Jose-Evergreen Community College District
San Jose Silicon Valley Chamber of Commerce
Santa Monica Community College District
Shasta-Tehama-Trinity Joint Community College District
South County Economic Development Council
South Orange Community College District
Southwestern College
Technology Credit Union
Tri-City Medical Center
Veterans Caucus of the California Democratic Party
Veterans of Foreign Wars - Department of California
Vietnam Veterans of America - California State Council
West Kern Community College District
Yosemite Community College District
Yuba Community College District

Opposition:

California Teachers Association
Faculty Association of the California Community Colleges

Status:

Appropriations Suspense file.

Votes:

Anderson, Roth - AYE

Legislative Report Item 3

Action Item

[SB 812 \(DeLeon D\) Hazardous waste](#)

Recommended action: OPPOSE

Presentation: Gene Wunderlich

Description:

Creates Unworkable Permitting System for Hazardous Waste Facilities. Fundamentally undermines the Department of Toxic Substances Control's recently proposed plan to issue protective and timely hazardous waste permits by creating extraordinarily aggressive and arbitrary permit processing timelines.

Bill Summary:

Existing law:

1. Requires the facilities handling hazardous waste to obtain a permit from the Department of Toxic Substances Control (DTSC).
2. Requires an owner or operator of the facility intending to renew the facility's permit to submit a complete Part A application for a permit renewal prior to the expiration of the permit.
3. Requires the owner or operator to submit a complete Part B of the application when requested by DTSC.
4. Authorizes a hazardous waste facility in existence on a specified date or on the effective date of any statute or regulation that subjects the facility to the hazardous waste permitting requirements to continue to operate under a grant of interim status pending the review and decision of DTSC on the permit application.

This bill:

Revises the Department of Toxic Substance Control's (DTSC) permitting process and public participation requirements for hazardous waste facilities. Specifically, this bill:

- 1) Requires DTSC to adopt regulations by January 1, 2016 to specify conditions for new permits and the renewal of existing permits as specified. Establishes deadlines for the submission and processing of facility applications as specified. Requires DTSC to adopt regulations by January 1, 2016 to specify the necessary financial assurance required to receive a permit.
- 2) Terminates an interim status granted for a facility on or after January 1, 2015 five years from the date it was granted or on the date DTSC takes a final action, whichever is earlier.
- 3) Requires DTSC to contract with an independent third party for testing and verification that a hazardous waste release is abated and the site is remediated.
- 4) Requires DTSC to update its website to include Spanish translation of facility permits, facility status and DTSC's evaluation of permitting criteria, and evaluations or findings that support permitting decisions.
- 5) Establishes the DTSC Citizens Oversight Committee to receive and review allegations of misconduct from the public, and establishes the Bureau of Internal Affairs to oversee DTSC and investigate department conduct.
- 6) Requires the Secretary of CalEPA to appoint the director of the Bureau of Internal Affairs. Requires the Citizens Oversight Committee to be comprised of 13 members appointed by the Governor (five members), Senate Rules Committee (four members) and Speaker of the Assembly (four members.) Members of the Citizens Oversight Committee receive per diem and serve at the pleasure of the respective appointing authorities.
- 7) Requires the Citizens Oversight Committee to review allegations of misconduct from the Bureau of Internal Affairs. Requires the Bureau of Internal Affairs to forward the disposition of allegations to the Citizens Oversight Committee as well as post on the website.

FISCAL EFFECT

- 1) Increased costs to DTSC, from the Hazardous Waste Control Account (HWCA), of over \$6 million for Spanish translation for existing permit information and newly required website postings.
- 2) Increased costs to DTSC, from the HWCA, of approximately \$2.8 million to administer and staff the Bureau of Internal Affairs. This bill requires the Bureau to operate independently from DTSC.
- 3) Increased costs to DTSC, from the HWCA, of approximately \$1.2 million to administer and staff the Citizens Oversight Committee. This bill requires the Committee to operate independently from DTSC.
- 4) Increased costs to DTSC, from the HWCA, of approximately \$1.1 million to meet permit renewal processing deadlines.
- 5) Increased costs to DTSC, from the HWCA, of approximately \$600,000 to develop permit criteria regulations and financial assurance regulations.
- 6) Increased costs to DTSC, from the HWCA, of approximately \$450,000 to post expanded information on the website (English) and provide pre-permit public notice and comment periods.
- 7) Minor costs of approximately \$50,000 to DTSC from the HWCA for third-party testing.

ARGUMENTS IN SUPPORT:

According to the author's office, this bill establishes deadlines by which final permit decisions must be made by DTSC for facilities that handle the most serious and dangerous hazardous waste, thereby limiting the amount of time a facility can operate on an expired or interim permit.

ARGUMENTS IN OPPOSITION:

Opponents claim SB 812 is unnecessary, and at the very least premature, as it fundamentally undermines DTSC's recently proposed plan to improve the hazardous waste permitting system by issuing protective, timely and enforceable hazardous waste permits. In addition to undermining DTSC's regulatory efforts, SB 812 contains serious flaws that will, in practice, exacerbate the very issues that SB 812 seeks to address. Finally, SB 812 will dramatically increase state costs associated with administering and issuing hazardous waste permits, and will further result in the loss of significant tax revenue in the event hazardous waste facilities are prohibited from operating for failure to meet the extraordinarily aggressive and arbitrary timing requirements in SB 812.

SB 812 Undermines DTSC's Permitting Enhancement Work Plan

Earlier this year, DTSC released a Permitting Enhancement Work Plan (PEWP). According to DTSC, the PEWP is a "comprehensive roadmap to guide efforts to improve [DTSC's] ability to issue protective, timely and enforceable permits using more transparent standards and consistent procedures." DTSC notes that the PEWP "provides a critical link to help DTSC move forward and modernize its permitting process."

On April 1, 2014, the Department of Finance (DOF) requested \$699,000 and five three-year, limited-term positions to implement the PEWP. On June 15, 2014, the Senate, including Senator de León, voted to approve the Budget Act of 2014, which included DOF's requested funding for the PEWP. The Assembly also voted to approve the same funding levels for the PEWP.

SB 812 undermines the very purpose of the PEWP, which is to implement needed regulatory reforms to improve the efficacy of DTSC's hazardous waste permitting system. Indeed, as noted by DTSC in the PEWP, certain legislation may ultimately be needed in order to ensure that DTSC's stated goals can be achieved, but such legislation, in our opinion, would not be timely or appropriate, if ever, until after the PEWP is implemented.

SUPPORT:

Center on Race, Poverty and the Environment
City of Los Angeles
Coalition for Clean Air
East Yard Communities for Environmental Justice
Natural Resources Defense Council
California Environmental Justice Alliance
Center for Community Action and Environmental Justice
Center on Race, Poverty & the Environment
Coalition for Clean Air

Communities for a Better Environment
Concerned Neighbors of Wildomar
Environmental Working Group
Neighbors Against Phibro-Tech
People Organizing to Demand Environmental and Economic Rights (PODER)
People's Senate
Physicians for Social Responsibility – Los Angeles
Residents Against Phibro-Tech
Sierra Club California

OPPOSITION:

California Chamber of Commerce
California Business Properties Association
California Manufacturers & Technology Association
California Metals Coalition
Chemical Industry Council of California
Clean Harbors

Consumer Specialty Products Association
Industrial Environmental Association
Metal Finishing Association of Northern California
Metal Finishing Association of Southern California
Western Plant Health Association
Western States Petroleum Association

Status:

Committee on Appropriations - Suspense

Votes:

Anderson - NO
Roth - AYE

Qualified Ballot Propositions

Proposition 43 (LBM) - Bonds: \$1.1 billion bond for California's water system

Recommended action: **SUPPORT** / OPPOSE / NOT BUSINESS RELATED

CalChamber Position: Support

Presentation: Gene Wunderlich

Legislative Bond Act. The measure, upon voter approval, would enact the **Safe, Clean and Reliable Drinking Water Supply Act of 2012**. The measure, if approved, would:

- Authorize \$11.14 billion in general obligation bonds for state water supply infrastructure projects, such as public water system improvements, surface and groundwater storage, drinking water protection, water recycling and advanced water treatment technology, water supply management and conveyance, wastewater treatment, drought relief, emergency water supplies, ecosystem and watershed protection and restoration and Bay-Delta Estuary sustainability.

- Appropriate money from the General Fund to pay off bonds.
- Require certain projects to provide matching funds from non-state sources in order to receive bond funds.

Specific spending proposals in the proposition include:

- \$455 million for drought relief projects, disadvantaged communities, small community wastewater treatment improvements and safe drinking water revolving fund.
- \$1.05 billion for competitive grants to eligible projects that implement "an adopted integrated regional water management plan." Grant funding would be allocated to thirteen "hydrological regions."
- \$350 million for grants and expenditures for local and regional conveyance projects that support interregional connectivity and water management.
- \$2.25 billion for projects that support Bay-Delta Estuary "sustainability options."
- \$3 billion for water storage projects.
- \$1.785 billion for ecosystem and watershed protection and restoration projects in 21 watersheds.
- \$1 billion for groundwater protection and cleanup.
- \$1 billion for "water recycling and advanced treatment technology projects."

Gov. Jerry Brown called on the legislature to replace the bond with a cheaper \$6 billion bond on June 25, 2014. Brown called the current water bond "a pork-laden water bond... with a price tag beyond what's reasonable or affordable." The legislature is currently debating a \$7.5 billion bond to replace the \$11.14 billion measure.

The water bond was moved twice. Originally certified to be on the state's 2010 ballot, it was removed and placed on the 2012 ballot. On July 5, 2012, the state legislature approved a bill to take the measure off the 2012 ballot and put it on the 2014 ballot.

Supporters

- Association of California Water Agencies
- California Alliance for Jobs
- Western Growers

Timothy Quinn, executive director for the Association of California Water Agencies, **Tom Nassif**, president of Western Growers, and **Jim Earp**, executive director of California Alliance for Jobs, wrote the argument in favor found in the [state's official voter information guide](#):

CALIFORNIA'S WATER SYSTEM IS STRESSED AND VULNERABLE TO SHORTAGES.

California is in a severe drought. Reservoirs are low, groundwater basins and ecosystems are stressed, water quality is impaired, and wildfire risks is extremely high. Three consecutive dry years have pushed California's water system to its limits and exposed vulnerabilities that must be addressed now if we are to avoid even more dire challenges in the coming years.

Signs of California's severe water challenges include:

- Drinking water shortages and mandatory rationing in some areas
- Impaired water quality and contaminated groundwater basins
- Water cutbacks to family farms
- Lost farm jobs and reduced economic activity
- Extreme wildfire danger
- Increased food prices

Climate change will bring even more severe droughts in the future. We need a variety of strategies and actions to combat drought and improve the resilience of the state's water system, including investments in safe drinking water, water recycling, conservation, and water storage capacity.

***YES on 43: A BALANCED APPROACH TO FIX OUR WATER SYSTEM. PROP 43 WILL...
... help California prepare for droughts.***

The drought has highlighted widespread vulnerabilities in our water system and urgent need to

”

create more resilient water supplies. Prop 43 will enhance local supplies, and increase our ability to store water so it's available when we need it.

... **ensure reliable water for farms.**

Water shortages have forced many family farmers to reduce planting, leading to thousands of lost farming jobs. Prop 43 improves water supplies so farmers

... **clean up contamination of water resources.**

Drought has worsened water quality in rivers and streams in California. Prop 43 funds actions to clean up contamination and remove pollutants from rivers and streams that end up as drinking water.

... **protect against the collapse of our water system in an earthquake.**

Scientists warn that aging levees protecting two-thirds of the state's drinking water could collapse during an earthquake. Prop 43 will strengthen waterways and better protect supplies against an earthquake or major flood.

... **repair the Delta, one of the most important ecosystems on the West Coast.**

Water for 25 million Californians and more than 700 species flow through the California Delta. The Delta has seen significant declines in water quality and ecosystem health. Prop 43 will provide funds for urgently needed habitat restoration in the Delta.

... **create jobs now by fixing vital infrastructure.**

Prop 43 will fund shovel-ready construction projects across California - fixing and strengthening the network of levees, pipes and reservoirs and creating tens of thousands of jobs.

... **protect taxpayers with strong fiscal safeguards.**

Prop 43 is funded through existing and will NOT increase taxes. Prop 43 limits administrative costs to less than 5% and requires annual, independent public audits.

WATER IS ESSENTIAL - WE MUST ACT TO PROTECT OUR ECONOMY and QUALITY OF LIFE.

Prop 43 is the solution we need to combat drought and create a more resilient water system for California.

VOTE YES on 43.

—Timothy Quinn, Tom Nassif and Jim Earp,

Opposition

- League Of Women Voters of California
- California Tax Reform Association
- Sierra Club California

Helen Hutchison, president of the League of Women Voters of California, **Lenny Goldberg**, executive director of California Tax Reform Association, and **Kathryn Phillips**, director of Sierra Club California, wrote the argument against found in the state's official voter information guide:

Prop 43. is a holdover from 2009 when Governor Schwarzenegger and the legislature jammed through this \$11.14 billion borrowing measure for the 2010 ballot to satisfy special interests.

The legislature removed it from the 2010 ballot when they realized voters wouldn't fall for such a pork-laden waste of money. Then they removed it again in 2012. Now they think voters will fall for this bloated measure.

The Riverside Press-Enterprise said it contains, "... a host of other items that have little to do with the state's central water concerns. The state simply cannot afford such politically motivated handouts."

California is in a serious drought, but this bond does very little to help. Instead, it will cost billions that would be better spent on real solutions. *Californians will have to pay back this money each year, through taxes, for 30 years. With interest, that's more than \$20 billion.*

NOT WRITTEN TO DEAL WITH TODAY'S DROUGHT

The most important reason for passing a water bond today is to deal with current and future droughts. But less than 5% of this larded-up bond would go to drought relief.

This bond would hand over \$3 billion to a government commission comprised entirely of political appointees with absolutely no accountability to the taxpayers. It gives them sole authority to pass out

that money without any budgetary oversight.

FILLED WITH PORK

Because special interests got to write this bond, it would have taxpayers pay for every pet project from those interests' wish lists. For instance, it would charge taxpayers — you — \$100 million for a dam that has already been built. Your money could even be used to buy a water taxi for Lake Tahoe vacationers.

San Jose Mercury News asked: "... why not just get them (legislators) to take out the pork and offer up a smarter, more basic plan that Californians might actually approve... ?"

SUPPORTS THE DESTRUCTIVE WATER TUNNELS

This bond would provide \$1.5 billion supposedly for restoration of the Bay Delta ecosystem. The real purpose is to make the taxpayers put up the first of tens of billions in payments to proceed with building 35-mile-long giant tunnels to send water to huge corporate agriculture and developers. The tunnels would destroy productive Delta-area farmland, limey ruin the salmon fishery and, with droughts, wouldn't have new water to move in any case.

As a San Jose Mercury News investigation revealed, when bond service fees and interest are included, "... the grand total (for the tunnel project) is \$51 billion to \$67 billion." Tunnel backers have already admitted this would not be the last bond they would need to pass.

THE WRONG BOND

California is in a serious drought and a *smart* water bond would help. But this is not that bond. Taxpayer-funded gifts to special interests for projects that won't help respond to real water needs are not the answer. Vote NO on Prop. 43!

Proposition 44 (LRCA) - Government Finance: Increase amount of potential savings in the state 'rainy day fund' from 5% to 10% of the General Fund

Recommended action: SUPPORT / OPPOSE / NOT BUSINESS RELATED

Presentation: Gene Wunderlich

Legislative Constitutional Amendment. The **California Proposition 44**, the **Rainy Day Budget Stabilization Fund Act** (Assembly Constitutional Amendment 1), ballot proposition is on the November 4, 2014 statewide ballot in California as a legislatively-referred constitutional amendment.

The measure, upon voter approval, would alter the state's existing requirements for the Budget Stabilization Account (BSA), as established by Proposition 58. The BSA is a rainy day fund. ACA 1 would also establish a Public School System Stabilization Account (PSSSA).

If approved by voters, ACA 1 would:

- Require the director of finance to submit estimates of general fund revenues and expenditures for the ensuing fiscal year and the three fiscal years thereafter within ten days following the submission of proposed adjustments to the governor's budget.
- Require the controller to deposit annually into the BSA: (A) 1.5 percent of general fund revenues and (B) an amount equal to revenues derived from capital gains-related taxes in situations where such tax revenues are in excess of eight percent of general fund revenues. Deposits to the BSA would begin by no later than October 1, 2015. Deposits would be made until the BSA balance reaches an amount equal to 10 percent of general fund revenues.
- Require that from the 2015-2016 fiscal year until the 2029-2030 fiscal year, 50 percent of the revenues that would have otherwise been deposited into the BSA must be used to pay for fiscal obligations, such as budgetary loans and unfunded state-level pensions plans. Starting with the 2030-2031 fiscal year, up to 50 percent of revenues that would have otherwise been deposited into the BSA may be used to pay specified fiscal obligations.

- Permit the legislature to suspend or reduce deposits to the BSA and withdraw for appropriation from the BSA upon the governor declaring a budget emergency.
- Create a distinct budget stabilization fund known as the “Proposition 98 Reserve” or Public School System Stabilization Account (PSSSA). The PSSA would be funded by a transfer of capital gains-related tax revenues in excess of eight percent of general fund revenues. Funds would be appropriated from the PSSSA when state support for K-14 education exceeds the allocation of general fund revenues, allocated property taxes and other available resources.

State Budget. Budget Stabilization Account. Legislative Constitutional Amendment.

Official summary:

“Requires annual transfer of state general fund revenues to budget stabilization account. Requires half the revenues be used to repay state debts. Limits use of remaining funds to emergencies or budget deficits.”

Fiscal impact statement:

“Long-term state savings from faster payment of existing debts. Different levels of state budget reserves, depending on economy and decisions by elected officials. Smaller local reserves for some school districts.”

History

The amendment was originally slated for the June 5, 2012 ballot. However, Senate Bill 202, which was enacted on October 7, 2011, moved the amendment to the 2014 ballot.

On April 16, 2014, Gov. Jerry Brown (D) called on a special session of the California Legislature to replace the ballot measure with a different one that also creates a rainy day fund. This replacement became known as ACA 1, was approved by the legislature and ultimately replaced the old measure on May 16, 2014.

Reserves

As of June 2014, California has two principle general fund reserve accounts:

- Special Fund for Economic Uncertainties (SFEU): The California Constitution, specifically Section 5.5 of Article XIII B, requires a “prudent” reserve fund in an amount determined as “reasonable and necessary” by the legislature. This general fund reserve has become known as the Special Fund for Economic Uncertainties.
- Budget Stabilization Account (BSA): Proposition 58, passed in 2004, established a Budget Stabilization Account. Proposition 58 requires that three percent of estimated general fund revenues be transferred into the BSA. Transfers are required until the stabilization account reaches eight billion dollars or five percent of general fund revenues, whichever is greater. When Economic Recovery Bonds are outstanding, fifty percent of the annual transfers to the stabilization account are to be used for paying off the bonds. Transfers from the BSA to the General Fund may occur with a majority vote of the legislature and approval of the governor. Also, an executive order can suspend or reduce transfers to the BSA. California deposited funds into the BSA in 2006-7 and 2007-8, but hasn’t since. The BSA currently has a zero balance.

ACA 1 would also create a distinct budget stabilization fund known as the “Proposition 98 Reserve” or Public School System Stabilization Account (PSSSA). The PSSA would be funded by a transfer of capital gains-related tax revenues in excess of eight percent of general fund revenues. Funds would be appropriated from the PSSSA when state support for K-14 education exceeds the allocation of general fund revenues, allocated property taxes and other available resources.

Support

Supporters

- California Democratic Party

Opposition



44 Not For Kids, a project of Education Our State, is leading the campaign against Proposition 44. ^[6]

Opponents

- Ellen Brown, 2014 candidate for California Treasurer
- Educate Our State

Arguments

44 Not 4 Kids, a campaign against the initiative, developed a list of arguments on their webpage. They said, "If you care about fiscal responsibility, kids and public education, vote NO ON PROP 44." The following is a selection of their arguments:

Why has Educate Our State come out in opposition to Proposition 44?

We could not escape from the fact that Proposition 44 and its connected statutory triggers were both unfair and fiscally irresponsible towards schools. When we realized no one in the political fray was willing to take on the Governor, who is backing Proposition 44, since he has a reputation for fiscal austerity and seems pretty sure to be reelected, we realized it was the job of parent volunteers to take the lead. Unlike politicians, lobbyists, and other special interests, we have nothing to lose.

This is a perfect example of why children always come last in Sacramento (lest we forget, we are 51st by a LARGE margin in student-teacher, student-counselor AND student-librarian ratios, not to mention at or near the bottom in the nation in per pupil funding - yes even AFTER Proposition 30). Children have no lobby, and no money. And they cannot vote. They need us to be our voice. Do you want to give children a voice? Vote NO on Prop 44, for starters.

Why does Educate Our State say Proposition 44 is unfair and fiscally irresponsible?

Proposition 44 breaches the minimum guarantee Californians made to our schoolchildren – a guarantee that the Governor and the Legislature assured schools would protect them. Remember, the state diverts BILLIONS of local school property taxes that are allocated to public education each year -- \$8.4 billion this year alone -- to pay its debts.

Now the State is saying it won't necessarily replace those funds. That's unfair. As if that were not already devastating to schools, the Legislature decided to require local school districts to spend all but three weeks of their savings the minute the state saves a nickel. **It did this without public comment or LAO analysis.** We see this as unfair to schools and schoolchildren and extraordinarily fiscally irresponsible.

Why should I care about this?

Over 100 years ago, California voters said that our first priority would be funding public education (California Constitution Article XIV Section 8).

Over 25 years ago, California voters said that we would spend at least the proportion of state revenues on schools and community colleges that we had in 1986-87, roughly 40% (Proposition 98).

We have never seen a poll (or heard a politician) say that education is a low priority for Californians – and yet the state is trying now, having cut schools' share of local property taxes down to 33%, to cut public education's share of State's income taxes below 40%!

Time and time again we see money taken FROM schools, while pretending to be helping schools. Why? In part, we believe, because children cannot vote and they do not have expensive lobbyists representing their interests. Sacramento has a lot more to gain with rhetoric than results for public education.

Put kids first. Vote NO on Prop 44. Show Sacramento you don't buy the rhetoric. We are at the bottom of the nation in public education - what's the excuse? [\[8\]](#)

—44 Not 4 Kids,

Ellen Brown (G) of the Public Banking Institute called the amendment a "catastrophic bust" and argued for a state-owned bank in lieu of the proposed fund. She argued the following:

- "But a rainy day fund takes money off the table, setting aside funds we need now to reverse the damage done by Wall Street's last collapse. The brutal cuts of 2008 and 2009 shrank the middle class and gave California the highest poverty rate in the country."
- "Having a state-owned bank can substitute for a rainy day fund. Banks don't need rainy day funds, because they have cheap credit lines with other banks. Today those credit lines are at the extremely low Fed funds rate of 0.25%. A state with its own bank can take advantage of this nearly-interest-free credit line not only for emergencies but to cut its long-term financing costs in half."
- "Rather than setting aside our hard-earned surplus to pay the piper on demand, we could be using it to create the credit necessary to establish our own economic independence. California is the ninth largest economy in the world, and the world looks to us for creative leadership. "As goes California, so goes the nation." We can lead the states down the path of debt peonage, or we can be a model for establishing state economic sovereignty."

[Proposition 45 \(CISS\) - Insurance: Public notice required for insurance company rate initiative](#)

Recommended action: SUPPORT / OPPOSE / NOT BUSINESS RELATED

CalChamber Position: Oppose

Presentation: Gene Wunderlich

Initiative Statute. Requires health insurance rate changes to be approved by Insurance Commissioner before taking effect. Requires sworn statement by health insurer as to accuracy of information submitted to Insurance Commissioner to justify rate changes. Provides for public notice, disclosure and hearing on health insurance rate changes, and subsequent judicial review. Does not apply to employer large group health plans. Prohibits health, auto and homeowners insurers from determining policy eligibility or rates based on lack of prior coverage or credit history.

If approved by voters, the initiative would:

- Require changes to health insurance rates, or anything else affecting the charges associated with health insurance, to be approved by the California Insurance Commissioner before taking effect.
- Provide for public notice, disclosure, and hearing on health insurance rate changes, and subsequent judicial review.
- Require sworn statement by health insurer as to accuracy of information submitted to Insurance Commissioner to justify rate changes.
- Exempt employer large group health plans under any circumstances.
- Prohibit health, auto, and homeowners insurers from determining policy eligibility or rates based on lack of prior coverage or credit history.

The initiative, in general, would expand to health insurance rate regulation system to what Proposition 103 (1988) imposed on automobile and homeowners insurance.

Supporters refer to the initiative as the **Insurance Rate Public Justification and Accountability Act**.

Its sponsors originally hoped to qualify their measure for the November 6, 2012 ballot. They submitted over 800,000 signatures on May 18, 2012. On June 28, it became evident that election officials would not have adequate time to scrutinize the signatures for validity in time for placement on the November 6, 2012 ballot. On August 23, 2012, it was announced that the measure had qualified for the 2014 ballot.

Support



The campaign in support of Proposition 45 is being led by [Consumer Watchdog](#).^[6]

Supporters

Officials

- U.S. Senator Dianne Feinstein (D)
- U.S. Senator Barbara Boxer (D)
- Insurance Commissioner Dave Jones (D)
- Superintendent of Public Instruction Tom Torlakson

Organizations

- California Democratic Party
- Courage Campaign
- California Industrial Areas Foundation (IAF)
- California National Organization for Women (NOW)
- Consumer Federation of California
- Consumer Watchdog
- Consumer Attorneys of California
- California Alliance for Retired Americans
- Congress of California Seniors (CCS)
- San Diego Hunger Coalition
- Coalition for Economic Survival (CES)
- California Partnership
- Campaign for a Healthy California
- Coalition of California Welfare Rights Organizations, Inc.
- Los Angeles Alliance for a New Economy (LAANE)
- Actual Systems Web Services
- AllCare Alliance
- Physicians for a National Health Program (PNHP) - California

Unions

- California Nurses Association (CNA)
- Northern California Carpenters Union Regional Council
- AFSCME District Council 57
- AFSCME District Council 36
- AFSCME Local 685 - LA County Deputy Probation Officers
- United Teachers Los Angeles (UTLA)
- United Food and Commercial Workers (UFCW) Western States Council
- California Federation of Teachers (CFT)
- California School Employees Association (CSEA)
- Orange County Employees Association (OCEA)
- Labor United for Universal Healthcare



Individuals

- [Harvey Rosenfield](#)
- Dennis Quaid, actor^[10]

Arguments

- Harvey Rosenfield said, "Premiums are going through the roof. A lot of people can't get health insurance at any price. Benefits are going down. Company CEOs are getting rich."
- Jamie Court, the president of Consumer Watchdog, stated, "The public wants accountability and transparency for the skyrocketing rates being charged. Rates have been rising five times faster than the rate of inflation."
- Dr. Mohammad Gharavi, a heart and lung surgeon in Thousand Oaks, argued, "If I had a choice of insurance companies controlling it or the government controlling it, I'd rather have the government."

Donors

Total campaign cash as of July 11, 2014	
 Support:	\$1,112,423
 Opposition:	\$37,303,550

Two ballot measure campaign committees registered in support of the initiative as of July 11, 2014:

Note: Consumer Watchdog Campaign, A Coalition of Consumer Advocates, Attorneys and Nurses is supporting Proposition 45 and [Proposition 46](#).

Committee	Amount raised	Amount spent
Consumer Watchdog Campaign, A Coalition of Consumer Advocates, Attorneys and Nurses	\$466,991	\$203,812
Consumer Watchdog Campaign to Make Health Insurance Companies Justify their Rates	\$576,896	\$65,529
Jones for Passage 2014 Insurance Rate Public Justification & Accountability Act	\$68,536	\$20,662
Total	\$1,112,423	\$290,003

The following are the donors contributing \$15,000 or more to the campaign in support of the initiative as of July 11, 2014:

*Note: Some of these donors gave their money to a committee that was simultaneously supporting more than one ballot measure. When that is the case, it is not generally possible to break down how much of that donor's money specifically was spent on the campaign for a particular proposition. Those contributions are listed below with **shading**; readers should not assume that all or even most of a donation to a multi-purpose committee was used for expenditures related to this particular proposition.*

Donor	Amount
Consumer Watchdog	\$481,775
Thomas Steyer	\$200,000
Greene Broillet & Wheeler, LLP	\$125,000

Committee for Corporate Accountability and Consumer Protection	\$105,121
CA Nurses Association Initiative PAC	\$75,000
Your Neighbors for Patient Safety, a Coalition of Consumer Attorneys & Patient Safety Advocates	\$25,881
California Federation of Teachers COPE Prop/Ballot Committee	\$25,000
Consumer Watchdog Campaign to Stop Prop 33	\$16,110
CA Ambulatory Surgery Association PAC	\$15,000

Opposition

CALIFORNIANS AGAINST HIGHER HEALTH CARE COSTS

The organization leading the campaign in opposition to Proposition 45 is Californians Against Higher Health Care Costs.

Opponents

Organizations

- California Chamber of Commerce
- California Medical Association
- California Hospital Association
- California Orthopaedic Association
- California Association of Health Plans
- California Association of Health Underwriters
- California Association of Marriage and Family Therapists
- California Chapter of the American College of Cardiology
- California Children's Hospital Association
- American Academy of Pediatrics, California
- American Congress of Obstetricians and Gynecologists District IX
- American College of Physicians California Services Chapter
- American Nurses Association California
- Association of Northern California Oncologists
- Association of California Healthcare Districts
- Association of California Life and Health Insurance Companies
- California Association of Rural Health Clinics
- California Society of Plastic Surgeons
- California State Oriental Medical Association
- California Urological Association
- CAPG
- Employer Health Coalition
- NAACP California
- California Citizens Against Lawsuit Abuse
- Civil Justice Association of California
- William Jefferson Clinton Democrats
- California Taxpayer Protection Committee

Unions

- State Building and Construction Trades Council of California
- Imperial County Building and Construction Trades Council
- Los Angeles/Orange County Building and Construction Trades Council
- California-Nevada Conference of Operating Engineers
- United Contractors
- International Brotherhood of Boilermakers
- International Brotherhood Of Electrical Workers - 9th District
- Sailors' Union of the Pacific

Arguments

Californians Against Higher Health Care Costs issued a "Get the Facts" sheet detailing their reasons for opposing Proposition 45. The sheet reads:

CONTROLLING HEALTH CARE COSTS IS IMPORTANT, BUT THIS FLAWED, DECEPTIVE MEASURE WILL JUST INCREASE COSTS FOR CONSUMERS AND HARM THE QUALITY OF OUR HEALTH CARE.

A special interest group is sponsoring an initiative on the November 2014 ballot that gives ONE POLITICIAN new power over our health care – including our co-pays, deductibles and even the treatment options our health insurance covers.

We all want to control health care costs – that's why California has a new independent commission with the authority to negotiate rates with health plans and reject them if they're too expensive. We should give this commission a chance to work, NOT give more power to a politician who can take campaign contributions from special interests.

This flawed, deceptive measure will just increase costs for consumers and harm the quality of our health care.

1. Gives One Politician Too Much Power

- Gives one politician new power over what treatment options your health insurance covers. **Treatment decisions should be made by doctors and patients, not someone with a political agenda.**
- Grants the insurance commissioner more power over health care while allowing millions in campaign contributions from special interests – with no safeguards against corruption.
- Gives one politician sweeping new power over rates, co-pays, and benefits for *millions* of small business employees and could force many small businesses to lay off workers, drop coverage, or even go out of business.

2. Creates More Costly Bureaucracy

- Creates ANOTHER expensive state bureaucracy when we can least afford it, ultimately paid for with higher health insurance premiums.
- Costs tens of millions of dollars for bureaucracy, bureaucrats, and salaries, but doesn't do anything to control the costs that are driving health care premiums.
- Duplicates existing bureaucracy and regulation with a new program, creating costly confusion and overlap with other state and federal laws and regulations.

3. Sponsored by Special Interests Who Stand to Make Millions Under the Measure

- Sponsored by special interest lawyers who included a hidden provision allowing them to charge up to \$675/hour and make tens of millions in fees off costly health care lawsuits.
- The proponents have made more than \$11 million off a similar provision in the last ballot measure they bankrolled – costs that were ultimately paid by consumers.
- Proposes special interest reforms of a large and complicated health system without the input of patients, doctors, hospitals, or health plans.

4. Interferes With Your Treatment Options

- Gives one politician power over co-pays, deductibles, benefits, and even what treatment options your health insurance covers.
- Treatment decisions should be made by doctors and patients — not someone with a political agenda.

—Californians Against Higher Health Care Costs,

Other arguments in opposition to the initiative include:

- Patrick Johnston, president of the California Association of Health Plans, said the initiative would create "misguided, onerous rate regulation" that would harm consumers.

- James T. Hay, president of the California Medical Association, stated, "This misguided measure will cause higher rates and lessen access to care, which is why doctors, hospitals and healthcare providers oppose this measure."
- Dr. Paul Phinney, a Sacramento pediatrician, said, "They're gambling that people will submit a knee-jerk vote and create a program that will be a cash cow for consumer attorneys."

Donors

Two ballot measure campaign committees registered in opposition to the initiative as of July 11, 2014:

Committee	Amount raised	Amount spent
<u>No On 45 - Californians Against Higher Healthcare Costs</u>	\$37,303,550	\$1,574,912
<u>No On 45: California Association of Health Underwriters Issues Committee</u>	\$0	\$0
Total	\$37,303,550	\$1,574,912

The following are the donors to the campaign against the initiative as of July 11, 2014:

Donor	Amount
Kaiser Foundation Health Plan, Inc. / KP Financial Services	\$14,590,350
Wellpoint, Inc. and Affiliated Entities	\$12,500,000
Blue Shield of California	\$9,693,200
Anthem Blue Cross	\$270,000
Health Net, Inc.	\$135,000
United Healthcare Insurance Company	\$70,000
California Association of Health Plans	\$45,000

Proposition 46 (CISS) - Healthcare: Increase the cap on damages that can be assessed in medical negligence lawsuits to over \$1 million

Recommended action: SUPPORT / **OPPOSE / NOT BUSINESS RELATED**
CalChamber Position: Oppose
Presentation: Gene Wunderlich

The SWCLC has been a coalition member with Patients, Providers and Healthcare Insurers to Protect Access and Contain Health Costs

Initiative Statute.

- Requires drug and alcohol testing of doctors and reporting of positive test to the California Medical Board.
- Requires Board to suspend doctor pending investigation of positive test and take disciplinary action if doctor was impaired while on duty.
- Requires doctors to report any other doctor suspected of drug or alcohol impairment or medical negligence.
- Requires health care practitioners to consult state prescription drug history database before prescribing certain controlled substances. Increases \$250,000 cap on pain and suffering damages in medical negligence lawsuits to account for inflation.
- Requires drug and alcohol testing of doctors and reporting of positive test to the California Medical Board.
- Requires Board to suspend doctor pending investigation of positive test and take disciplinary action if doctor was impaired while on duty.
- Requires doctors to report any other doctor suspected of drug or alcohol impairment or medical negligence.
- Requires health care practitioners to consult state prescription drug history database before prescribing certain controlled substances. Increases \$250,000 cap on pain and suffering damages in medical negligence lawsuits to account for inflation.

If approved by voters, the initiative will:

- Increase the state's cap on damages that can be assessed in medical negligence lawsuits to over \$1 million from the current cap of \$250,000.
- Require drug and alcohol testing of doctors and reporting of positive tests to the California Medical Board.
- Require the California Medical Board to suspend doctors pending investigation of positive tests and take disciplinary action if the doctor was found impaired while on duty.
- Require health care practitioners to report any doctor suspected of drug or alcohol impairment or medical negligence.
- Require health care practitioners to consult state prescription drug history database before prescribing certain controlled substances.

Supporters of the initiative refer to it as the **Troy and Alana Pack Patient Safety Act of 2014**, after two children who were killed by a driver under the influence of abused prescription drugs.

The measure, if approved, would create the first law in the United States to require the random drug testing of physicians.

Fiscal impact statement:

(Note: The fiscal impact statement for a California ballot initiative authorized for circulation is jointly prepared by the state's Legislative Analyst and its Director of Finance.)

"Increased state and local government health care costs from raising the cap on medical malpractice damages, likely ranging from the tens of millions of dollars to several hundred million dollars annually."
"Uncertain, but potentially significant, state and local government savings from new requirements on health care providers, such as provisions related to prescription drug monitoring and alcohol and drug testing of physicians. These savings would offset to some extent the health care costs noted above."

Controversy

The *San Diego Union-Tribune* argued that the first sentence of the ballot title - "Drug and alcohol testing of doctors." - was intentionally placed first by Attorney General Kamala Harris (D). The editorial board continued, "That's right — Attorney General Kamala Harris intentionally deceived ballot signers by highlighting one of the fig leaves that trial lawyers attached to the measure to hide their real intent. It's in keeping with her long history of using misleading ballot titles and summaries to help measures her allies like and hurt measures they don't."^[7]

Background

The Medical Injury Compensation Reform Act (MICRA) was signed in 1975 by Gov. Jerry Brown (D). MICRA capped pain and suffering damages, as a result of medical malpractice, at \$250,000. He did so in response to doctors who complained about medical malpractice awards being too high. If MICRA was pegged to inflation, the cap would now be set at \$1.1 million. \$250,000 in 2014 would have been \$57,600 in 1975.

Support

The organization leading the campaign in support of the measure is known as The Troy and Alana Pack Patient Safety Act or the Pack Act.

Supporters

Officials

- US Senator Barbara Boxer (D)

Organizations

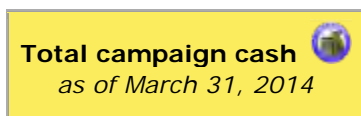
- Consumer Watchdog
- Consumer Attorneys of California
- 38 Is Too Late

Arguments

[Consumer Watchdog](#) issued a flyer following their signature submission on March 24, 2014. The flyer made the following arguments:

- "According to a study published in the *Journal of Patient Safety*, medical negligence is the third leading cause of death in the country behind only heart disease and cancer. As many as 440,000 people die each year from preventable medical negligence. That's like a 747 crashing every 10 hours."
- "The California Medical Board estimates that almost one-in-five doctors (18%) suffer from drug and/or alcohol abuse at some point during their careers – and leading medical safety experts have called for random drug testing to curb substance abuse and ensure patient safety."
- "The *Journal of the American Medical Association* found that doctors are the biggest suppliers for chronic prescription drug abusers, and called for the mandatory usage of state prescription drug databases... A 2012 *Los Angeles Times* investigation found that drugs prescribed by doctors caused or contributed to nearly half of recent prescription overdose deaths in Southern California."

Donors



 Support:	\$1,265,474
 Opposition:	\$33,280,480

Three ballot measure campaign committees registered in support of the initiative as of June 9, 2014:

Committee	Amount raised	Amount spent
<u>Consumer Watchdog Campaign</u>	\$198,681	\$104,189
<u>Families for Patient Safety</u>	\$0	\$415
<u>Your Neighbors for Patient Safety</u>	\$1,066,793	\$1,137,744
Total	\$1,265,474	\$1,242,348

The following are the donors who contributed \$50,000 or more to the campaign supporting the initiative as of June 9, 2014:

Donor	Amount
Consumer Watchdog	\$250,000
Robinson Calcagnie Robinson Shapiro Davis, Inc.	\$200,000
Consumer Attorneys Issue PAC	\$108,000
Casey, Gerry, Schenk, Francavilla, Blatt & Penfield, LLP	\$100,000
Bisnar/Chase Personal Injury Attorneys, LLP	\$50,000

Bruce G. Fagel, A Law Corporation	\$50,000
Cotchett, Pitre & McCarthy, LLP	\$50,000
Shernoff, Bidart, Echeverria, Bentley, LLP	\$50,000
Robinson Calcagnie Robinson Shapiro Davis, Inc.	\$50,000
Wylie Aitken, a Law Corporation	\$50,000
Law Offices of Walkup, Melodia, Kelly & Schoenberger	\$50,000
CA Nurses Association Initiative PAC	\$50,000

Campaign advertisements

Consumer Watchdog issued the following video advertisement series titled, "Pee in a Cup, The Musical."

Consumer Watchdog's "Pee in a Cup, The Musical" (Part 1).	Consumer Watchdog's "Pee in a Cup, The Musical" (Part 2).	Consumer Watchdog's "Pee in a Cup, The Musical" (Part 3).
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Opposition



Stop Higher Health Care Costs - No On 46! is leading the campaign in opposition to the initiative.

Democratic political consultant Gale Kaufman was hired by a coalition of insurers, hospitals and doctors to oppose the measure.

Opponents

Organizations

- California Hospital Association
- California Dental Association
- California Medical Association
- American College of Emergency Physicians, California Chapter
- American Congress of Obstetricians & Gynecologists
- Medical Oncology Association of Southern California
- California Academy of Eye Physicians and Surgeons
- California Ambulance Association
- California Association of Health Facilities
- California Academy of Physician Assistants
- California Ambulatory Surgery Association
- American Nurses Association, California
- California Assisted Living Association
- California Academy of Cosmetic Surgery
- California Rheumatology Alliance
- California Society of Periodontists
- California Dialysis Council
- Association of Orthopedic Technologists of California
- Association of California Healthcare Districts
- California Association of Marriage and Family Therapists
- California Association of Oral and Maxillofacial Surgeons
- California Association for Health Services at Home
- California Association of Psychiatric Mental Health Nurses in Advanced Practice
- California Nurse-Midwives Association
- California Society of Plastic Surgeons
- California Orthotic & Prosthetic Association
- California Podiatric Medical Association
- California Psychiatric Association
- California Society of Addiction Medicine
- California Society of Pathologists
- California Society of Pediatric Dentistry
- California State Oriental Medical Association
- California Clinical Laboratory Association
- NORCAP
- American Osteopathic Association
- Operating Room Nursing Council of California
- Osteopathic Physicians & Surgeons of California
- Partnership HealthPlan of California
- California Family Health Council
- California Association of Physician Groups
- Infectious Disease Association of California
- California Orthopaedic Association
- California Pharmacists Association
- California Society of Anesthesiologists
- California Chapter of the American College of Cardiology
- California Neurology Society
- California Academy of Family Physicians
- California Association for Nurse Practitioners
- California Academy of Preventive Medicine
- California Society of Health-System Pharmacists
- Northern CA Chapter of the American College of Surgeons
- American College of Surgeons-Southern CA Chapter
- San Diego Chapter of the American College of Surgeons
- California Association of Nurse Anesthetists
- California Urological Association
- California Radiological Society
- California Thoracic Society
- California Society of Dermatology & Dermatologic Surgery
- Society of OB/GYN Hospitalists (SOGH)
- American Academy of Orthopaedic Surgeons
- CA Association of Neurological Surgeons
- CA Association of Oral and Maxillofacial Surgeons
- California Optometric Association
- California Otolaryngology Society
- California Society of Anesthesiologists
- California Orthotic & Prosthetic Association
- Association of Northern California Oncologists
- Hemophilia Council of California
- American College of Physicians California Services
- Chinese Community Health Care Association
- CA Chiropractic Association
- Southern California HMO Podiatric Medical Society
- American Academy of Pediatrics, California
- National Association of Social Workers–CA
- Children’s Specialty Care Coalition
- California Children’s Hospital Association
- Children’s Physicians Medical Group
- A New PATH (Parents for Addiction Treatment & Healing)

The following are other organizations opposing the initiative:

- Civil Justice Association of California
- California Citizens Against Lawsuit Abuse
- California Chamber of Commerce
- California NAACP
- Bay Area Council
- Valley Industry & Commerce Association
- American Civil Liberties Union of California
- American Civil Liberties Union, Northern California

- American Civil Liberties Union of Southern California
- American Civil Liberties Union of San Diego and Imperial Counties
- California Teachers Association

- California School Boards Association
- California Association of School Business Officials
- California School-Based Health Alliance

Unions

- California State Building & Construction Trades Council
- Service Employees International Union (SEIU) California
- SEIU United Long Term Care Workers (ULTCW)
- SEIU-USWW (United Security Workers West)
- SEIU 1000
- SEIU - Committee of Interns and Residents
- AFSCME California PEOPLE
- Union of American Physicians and Dentists (AFSCME Local 206)
- IBEW Ninth District
- IBEW Local 11
- IBEW Local Union 441
- IBEW Local Union 477
- IBEW Local Union 551

- Southern California Pipe Trades Health & Welfare Fund
- Plumbers & Pipefitters Local Union 228
- Plumbers & Steamfitters Local Union 398
- Plumbers and Pipefitters UA Local Union 442
- Plumbers & Pipefitters Local 447
- Southern CA Pipe Trades DC 16
- Plumbers, Pipe and Refrigeration Fitters UA Local 246
- International Brotherhood of Boilermakers
- Boilermakers Local 92
- Boilermakers Local 1998
- Sheet Metal, Air, Rail and Transportation Workers (SMART), Sheet Metal Workers' Local Union No. 104
- Sprinkler Fitters UA Local 483

Arguments

Stop Higher Health Care Costs - No On 46! issued an abundance of critiques of Proposition 46 on their website. The following are their basic "Why Voters Should Oppose" arguments:

OPPOSE THE "MICRA" BALLOT MEASURE

A costly threat to your personal privacy Californians can't afford.

Costly for Consumers

- Trial lawyers drafted a November 2014 ballot measure seeking to change current law to file more medical lawsuits against health care providers.
- If they get their way, medical lawsuits and payouts will skyrocket. Someone will have to pay those costs. And that someone...is you.

Threatens People's Personal Privacy

- Money isn't the only thing this ballot measure will cost you. It could cost you your personal privacy, and the doctors you trust and depend on.
- This measure forces doctors and pharmacists to use a massive statewide database filled with Californians' personal medical prescription information. A mandate government will find impossible to implement, and a database with no increased security standards to protect your personal prescription information from hacking and theft – none.
- And who controls the database? The government – in an age when government already has too many tools for violating your privacy.

Jeopardizes People's Access to their Trusted Doctors

- If California's medical liability cap goes up, you could also lose your trusted doctor. It's true. Many doctors will be forced to leave California to practice in states where medical liability

insurance is more affordable.

- Even respected community clinics, including Planned Parenthood, warn that specialists like OB-GYNs will have no choice but to reduce or eliminate vital services, especially for women and families in underserved areas.

Increased costs. Losing your doctor. Threatening your privacy.

Exactly what happens when trial lawyers play doctor.

- That’s why a diverse and growing coalition of trusted doctors, community health clinics, hospitals, family-planning organizations, local leaders, public safety officials, businesses and working men and women urge Californians to oppose the “MICRA” ballot measure.

Other arguments against the initiative include:

- Kimberly Stone, president of the Civil Justice Association of California, said, “If you’re a highly-paid doctor in Los Angeles or San Francisco, it would be OK. You could pass those costs on to your patients. But if you’re an anesthesiologist or an OBGYN in a rural area or a low-income area, a dramatic increase in your medical malpractice insurance premiums could make a big difference to your ability to practice.”^[16]
- Tom Scott, executive director of California Citizens Against Lawsuit Abuse, said, “Trial lawyers have one goal in mind with this initiative: they want to file more lawsuits against more doctors and make more money doing it. If this initiative passes, trial lawyers will profit wildly, and California consumers will be the ones left holding the bag. A recent study found that this initiative will increase health care costs by \$9.9 billion annually – or more than \$1,000/year in higher health costs for a family of four.”^[20]
- Dr. Richard Thorp, president of the California Medical Association, argued, “A ballot measure that is certain to generate more medical lawsuits and drive up costs for every health consumer in California is the worst possible idea at the worst possible time. This initiative is bad for patients, bad for taxpayers and bad for California’s entire system of healthcare delivery.”^[21]

Donors

Three ballot measure campaign committees registered in opposition of the initiative as of June 10, 2014:

Committee	Amount raised	Amount spent
<u>California Association of Health Facilities, Defend MICRA on the November Ballot Committee</u>	\$0	\$0
<u>Patients, Providers and Healthcare Insurers to Protect Access and Contain Health Costs</u>	\$33,280,480	\$818,068
<u>Californians Allied for Patient Protection Ballot Measure Committee</u>	\$0	\$0
Total	\$33,280,480	\$818,068

The following were the donors who contributed \$250,000 or more to the campaign opposing the initiative as of June 10, 2014:

Donor	Amount
California Medical Association Physicians' Issues Committee	\$5,064,542
Cooperative of American Physicians Independent Expenditure Committee	\$5,000,000
NorCal Mutual Insurance Company	\$5,000,000
The Doctors Company	\$5,000,000
Kaiser Foundation Health Plan, Inc.	\$3,000,000
California Hospitals Committee on Issues	\$2,500,000
Medical Insurance Exchange of California	\$2,500,000
California Dental Association	\$2,000,000
The Dentists Insurance Company	\$1,560,000

Media editorial positions

San Diego Union-Tribune said:

Should California amend its 1975 state law capping pain-and-suffering damages in medical malpractice lawsuits at \$250,000? Perhaps. Nearly 40 years ago, a quarter-million dollars amounted to a huge sum. Nowadays, it isn't particularly much to someone who has suffered from egregious incompetence or neglect in their health care... [The measure] should be seen as part of a larger Golden State legal culture in which trial lawyers use lawsuits and the threat of lawsuits for what amounts to legal extortion... It shouldn't be rewarded with a yes vote in November. Instead,

~~Californians should press for sweeping reform that addresses the malpractice cap — and many other problems with the state's legal system as well.~~

[Proposition 47 \(CISS\) - Criminal Trials: Reduced the penalty for most nonviolent crimes from a felony to a misdemeanor](#)

Recommended action: SUPPORT / OPPOSE / NOT BUSINESS RELATED
CalChamber Position: Oppose
Presentation: Gene Wunderlich

Requires misdemeanor sentence instead of felony for petty theft, receiving stolen property, and forging/writing bad checks when value or amount involved is \$950 or less. Requires misdemeanor sentence instead of felony for certain drug possession offenses. Allows felony sentence for these offenses if person has previous conviction for crimes such as rape, murder or child molestation or is a registered sex offender. Requires resentencing for persons serving felony sentences for these offenses unless court finds unreasonable public safety risk. Applies savings to mental health and drug treatment programs, K-12 schools, and crime victims.

Initiated state statute. The initiative, if it is approved by the state's voters, would reduce the penalty for most nonviolent crimes from a felony to a misdemeanor. Specifically, the initiative would:^[1]

- Mandate misdemeanors instead of felonies for “non-serious, nonviolent crimes,” such as petty theft and drug possession, unless the defendant has prior convictions for violent and serious crimes.
- Permit re-sentencing for anyone currently serving a prison sentence for any of the offenses that the initiative lists as misdemeanors. About 10,000 inmates would be eligible for resentencing, according to Lenore Anderson of Californians for Safety and Justice.^[2]
- Require a “thorough review” of criminal history and risk assessment of any individuals before re-sentencing to ensure that they do not pose a risk to the public.
- Create a Safe Neighborhoods and Schools Fund. The fund would receive appropriations based on savings accrued by the state during the fiscal year, as compared to the previous fiscal year, due to the initiative’s implementation. Estimates range from \$150 million to \$250 million per year.
- Distribute funds from the Safe Neighborhoods and Schools Fund as follows: 25 percent to the Department of Education, 10 percent to the Victim Compensation and Government Claims Board and 65 percent to the Board of State and Community Correction.

The measure would require misdemeanor sentencing instead of felony for the following crimes:

- Shoplifting, where the value of property stolen does not exceed \$950
- Theft, where the value of the stolen property does not exceed \$950
- Forgery, where the value of forged check, bond or bill does not exceed \$950
- Fraud, where the value of the fraudulent check, draft or order does not exceed \$950
- Possession of a narcotic drug
- Possession of concentrated cannabis

The initiative is being pushed by George Gascón, San Francisco District Attorney, and William Lansdowne, former San Diego Police Chief.

Supporters of the initiative refer to it as "**The Safe Neighborhood and Schools Act**".

Fiscal impact statement:

(Note: The fiscal impact statement for a California ballot initiative authorized for circulation is jointly prepared by the state's Legislative Analyst and its Director of Finance.)

"State and county criminal justice savings potentially in the high hundreds of millions of dollars annually. State savings spent on school truancy and dropout prevention, mental health and substance abuse treatment, and victim services."

Support



The organization leading the campaign in support of the initiative is the Californians for Safe Neighborhoods and Schools.

Supporters

- California Democratic Party
- San Francisco District Attorney George Gascón (D)
- Former San Diego Police Chief William Lansdowne
- B. Wayne Hughes Jr., businessman and philanthropist
- Marin County Superintendent of Schools Mary Jane Burke
- Jay Z

Arguments

Californians for Safe Neighborhoods and Schools summarized their initiative as follows:

Stops wasting prison space on low-level nonviolent crimes: Changes the lowest level nonviolent drug possession and petty theft crimes from felonies to simple misdemeanors. It authorizes resentencing for anyone who is incarcerated for these offenses and poses no threat to public safety. These changes apply to juveniles as well as adults.

Keeps rapists, murderers and child molesters in prison: Maintains the current law for registered sex offenders and anyone with prior convictions for rape, murder or child molestation.

Stops government waste and redirects hundreds of millions from prison spending to K-12 and treatment: California counties will save hundreds of millions annually and state prison reductions will generate between \$750 million to \$1.25 billion in savings over the next five years alone. Those savings will be shifted into K-12 school programs (25%), victim services (10%) and mental health and drug treatment (65%).

Protects public safety: Focuses law enforcement resources on violent and serious crimes, and directs savings to programs that stop the cycle of crime. Prisoners may only be released if they demonstrate that they are no longer a threat to public safety.

Reduces the collateral consequences of felony convictions for low-level crime: Reduces the barriers that many with felony convictions for low-level nonviolent crimes face to becoming stable and productive citizens, such as employment, housing and access to assistance programs and professional trades.

Kathy Young-Hood of the Crime Survivors for Safety and Justice, criticizing the state's plan to expand prisons, said,

The state's proposal to spend about \$730 million over two years on for-profit and out-of-state prisons will cause more problems than it solves, especially considering how much we underfund schools, health centers and community programs that can address and prevent crime.

I know firsthand. I've lived in neighborhoods that had too much crime and too few opportunities for our youth. And in 2004, my only child, Roger Kelvin Young Jr., was killed at age 25 when a home invasion occurred at the house he was visiting in San Francisco.


The killer was never identified or caught. The lack of resolution was like another trauma on top of the devastation I felt from the murder itself.

Meanwhile, I see plenty of people going to prison for lesser crimes -- and coming back worse. This experience opened my eyes to how poorly our justice system serves victims and stops cycles of crime. Instead of putting our law enforcement resources toward serious crime and investing in community level prevention and rehabilitation, our prisons cast a costly, wide net -- and let everybody down.

Other arguments in favor of the initiative include:

- Businessman B. Wayne Hughes Jr. said, "I am not an apologist for people who break the law ... (but) folks are coming out of prison better criminals than when they came in, and that is not helping to get the state where we need to be. When a mom or dad or kid goes to prison, a grenade goes off and the shrapnel hits everybody, and when enough homes experience this, we lose whole communities, and that's what we have here. Twelve to 14 cents of every dollar spent in California is on incarceration, and meanwhile our infrastructure is falling down. ... This is a situation where the walls of partisanship ought to come down immediately."
- San Francisco District Attorney George Gascón (D) argued, "I think, increasingly, the public is more aware of the failures of the last 2 1/2 decades of our criminal justice system. The question is: Do we want to make communities safer or just punish people? If we really care about public safety, what we are proposing is a much better model."

Donors

Total campaign cash as of June 27, 2014	
 Support:	\$1,300,017
 Opposition:	\$0

One ballot measure campaign committee was registered in support of the initiative as of June 27, 2014:^[12]

Committee	Amount raised	Amount spent
Californians for Safe Neighborhoods and Schools	\$1,300,017	\$1,017,016
Total	\$1,300,017	\$1,017,016

The following were the donors who contributed to the campaign supporting the initiative as of June 27, 2014:

Donor	Amount
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Atlantic Advocacy Fund	\$600,000
B. Wayne Hughes, Jr.	\$250,000
Open Society Policy Center	\$210,112
M. Quinn Delaney	\$100,000
Committee for Three Strikes Reform	\$14,904

Opposition

- CalChamber

[Proposition 48 \(VR\) - Gambling: Ratification of gaming compacts with the North Fork Rancheria of Mono Indians and the Wiyot Tribe.](#)

Recommended action: SUPPORT / OPPOSE / NOT BUSINESS RELATED
Presentation: Gene Wunderlich

A [veto referendum](#). If the measure is approved by the state's voters, it will:

- Ratify AB 277 (Ch. 51, Stats. 2013);
- Ratify two gaming compacts between California and, respectively, the North Fork Rancheria of Mono Indians, and the Wiyot Tribe.
- Exempt execution of the compacts, certain projects, and intergovernmental agreements from the California Environmental Quality Act.

This measure is a [veto referendum](#); this means that a "yes" vote is a vote to uphold or ratify the contested legislation (AB 277) that was enacted by the [California State Legislature](#) while a "no" vote is a vote to overturn AB 277.

Text of measure

See also: [Ballot titles, summaries and fiscal statements for California's 2014 ballot propositions](#)