PROPOSITION 15:

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

INITIATIVE CONSTITUTIONAL AMENDMENT

Secretary of State Ballot Summary:

- Increases funding for K-12 public schools, community colleges, and local governments by requiring that commercial and industrial real property be taxed based on current market value.
- Exempts from this change: residential properties; agricultural properties; and owners of commercial and industrial properties with combined value of $3 million or less.
- Increased education funding will supplement existing school funding guarantees.
- Exempts small businesses from personal property tax; for other businesses, exempts $500,000 worth of personal property.

Background:

Property taxes raise around $65 billion annually for local governments with 60% allocated to cities, counties, and special districts and the remaining 40% allocated to schools and community colleges. Property taxes are calculated on the value of real property, which is land and buildings, and on business personal property which includes machinery, computers, and office equipment. County assessors determine the taxable value of property, county tax collectors bill property owners, and county auditors distribute the revenue among local governments.

Property tax revenue remains within the county in which it is collected and is used exclusively by local governments. The distribution of property tax revenues varies by county. Although the property tax is a local revenue source, it affects the state budget. Additional property tax revenue from the 1 percent rate for K–14 districts generally decreases the state's spending obligation for education. Over the years, the state has changed property tax allocation to reduce its costs for education programs or address other policy interests.

Each property owner's annual property tax bill is equal to the taxable value of their property multiplied by their property tax rate. Proposition 13, adopted by California voters in 1978, mandates a property tax rate capped at one percent, requires that properties be assessed at market value at the time of sale, and allows assessments to rise by no more than 2 percent per year until the next sale. When a property is purchased, the county assessor assigns a value to the property. Each year, the property's taxable value increases by 2 percent or the rate of inflation, whichever is lower. In most years, the market value of most properties grows faster than 2 percent per year. As a result, the taxable value of most properties is less than market value.

Proposition 13 treats commercial property in the same way as residential property so the taxable value of properties like large office buildings, amusement parks and ski resorts are kept well below market value. Researchers at the University of Southern California have estimated that if commercial properties were

taxed at their market value, it would result in $11.4 billion in additional revenue per year for local government and schools. Almost 80% of the $11.4 billion in lost revenue comes from only 8% of properties, which are valued at more than $5 million each.

Legislative Analyst and Director of Finance estimate of fiscal impact:
Net increase in annual property tax revenues of $7.5 billion to $12 billion in most years, depending on the strength of real estate markets. After backfilling state income tax losses related to the measure and paying for county administrative costs, the remaining $6.5 billion to $11.5 billion would be allocated to schools (40 percent) and other local governments (60 percent).

Support and Opposition:
A broad coalition, including Labor, Faith, Community, elected officials, educators and many others, support the measure and argue that California's schools and local community services are woefully underfunded, abandoning students in underfunded, understaffed, overcrowded schools that are not funded at a level appropriate to educate our children. They argue that the measure will not impact homeowners but simply asks global corporations that make huge amounts of money to pay property taxes based on the fair market value of their property. They say that this change will restore more than $11 billion a year to schools and vital community services without raising taxes on homeowners, renters and small businesses. Supporters argue that the economic crisis makes this more important than ever because local government and schools are looking at dire budget deficits over the next couple of years and this Proposition is a way to protect and improve education and public services without raising taxes on the middle class.

Opposition includes a coalition of business, taxpayer advocate and property groups that argue that this is an attack on Prop. 13 that opens the door to new taxes on homeowners. They contend that this initiative will be the largest tax increase on businesses in California's history at a time when the economy is already struggling. They also say that the state already has the worst climate for business and job creation in the country and this measure will only make it worse, driving out businesses and making it harder to attract entrepreneurs from other parts of the country.

Prior Positions:
The Federation took a support position on Proposition 30 (2012), a temporary tax to fund education, and on Proposition 55 (2016) to extend the Prop. 30 tax to fund education and health care. The Federation took an oppose position on Proposition 13 (1978).

A YES vote on this measure means:
Voters approve a constitutional amendment to require commercial and industrial properties, except those zoned as commercial agriculture, to be taxed based on their market value, rather than their purchase price.

A NO vote on this measure means:
Voters do not approve this constitutional amendment and commercial and industrial properties would continue to be taxed based on a property's purchase price, with annual increases capped at the rate of inflation or 2 percent, whichever is lower.

PROPOSITION 16:
AUTHORIZES CALIFORNIA REPEAL PROPOSITION 209 AFFIRMATIVE ACTION AMENDMENT

LEGISLATIVELY REFERRED CONSTITUTIONAL AMENDMENT

Ballot Summary:
This measure will amend the California Constitution by repealing Section 31 of Article I enacted pursuant to Proposition 209 in 1996 that prohibits the state and all institutions and political subdivisions thereof from discriminating against, or granting preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting.

Background:
Proposition 209, also known as the "California Civil Rights Initiative" amended the California Constitution to prohibit all government agencies and institutions from giving preferential treatment to individuals on the basis of race or sex, effectively banning affirmative action in government hiring, contracting and admissions at public universities in the state. Voters approved Prop. 209 in 1996 by a 55% to 45% margin.

During the late 1970s, the use of affirmative action led to court challenges alleging it was "reverse discrimination" against white people. After the passage of Proposition 209 in 1996, several other states attempted to adopt, or adopted, similar bans on affirmative action including Washington, Florida, Michigan, Nebraska, Arizona, New Hampshire, and Oklahoma.

Decades after Proposition 209 prohibited affirmative action in the state, stark disparities by race and gender persist. A recent study from the Economic Policy Institute showed that Black workers are twice as likely to be unemployed, and that a similar disparity exists among college-educated Black workers and their white counterparts. Similarly, the gender pay gap remains—the Institute for Women's Policy Research (IWPR) on average, women make 82 cents for every dollar earned by men. Women of color and single moms make less than 60 cents on the dollar for the same work as their white male counterparts. If the United States maintains the current level of progress towards pay equity, it will take until 2059 to achieve pay equity. Black women will not achieve pay equity with white men until 2130 and Latinas will not achieve pay equity with white men until 2224.

In addition, a 2015 study showed that businesses owned by women and people of color lose $1.1 billion annually in government contracts in California due to Prop. 209. Just a third of leadership and tenured faculty positions at the California Community Colleges, California State University, and the University of California are held by Black, Latino, or Asian-American scholars. At UC, women make up 54 percent of enrolled students, but just one-third of the tenured faculty and less than a third of the members of the Board of Regents.

Fiscal impact:
This bill would result in one-time General Fund costs to the Secretary of State (SOS) in the range of $480,000 to $640,000, likely in 2020-21, for printing and mailing costs to place the measure on the ballot in a statewide election. Actual costs may be higher or lower, depending on the length of required elements and the overall size of the ballot. Additionally, the California Department of Human Resources

(CalHR) would incur one-time General Fund costs, likely in the hundreds of thousands of dollars, to modify hiring practices to accommodate new hiring programs or standards.

Support and Opposition:
Supporters include a large and broad coalition of education, community, legal, racial justice, labor, faith, academic and many other organizations. Supporters state that overturning California's ban on programs that promote equal opportunity is long overdue and the COVID-19 pandemic only heightens the importance of bringing fairness to state public contracting and employment practices. They contend that California needs to hire more women to positions of leadership, contract with businesses that reflect the diversity of California, and expand access to higher education and that we can't continue to deny Californians an opportunity to succeed simply because of how they look or who they are. They say this initiative will level the playing field and allow all Californians to find a good job, earn a decent wage and get ahead in life and their careers.

Opponents include Republican elected officials, legal and academic groups who say that affirmative action is divisive and discriminatory. They contend that this measure would legalize racism and sexism and that a person should be judged by their merit and not their race or gender. Some supporters contend that enforcing equal outcome regardless of qualification and effort bears the hallmark of communism. They also contend that Prop. 209 won the popular vote in 1996 and has withstood legal scrutiny over time and should not be overturned.

Prior Positions:
The Federation took an oppose position on Proposition 209 (1996) which prohibited the use of affirmative action by the state in hiring, contracting and school admissions.

A YES vote on this measure means:
Voters support amending the state Constitution to repeal Proposition 209 (1996), which prohibited the state from granting preferential treatment to persons on the basis of race, sex, color, ethnicity, or national origin in public employment, public education, and public contracting.

A NO vote on this measure means:
Voters oppose amending the state Constitution to repeal Proposition 209.

PROPOSITION 17:
AUTHORIZES CALIFORNIA VOTING RIGHTS RESTORATION FOR PERSONS ON PAROLE AMENDMENT

LEGISLATIVELY REFERRED CONSTITUTIONAL AMENDMENT

Ballot Summary:
This measure would amend the California Constitution to do the following:

- Delete a provision of the California Constitution that requires the Legislature to provide for the disqualification of electors while on parole for the conviction of a felony;
- Provide that an elector disqualified from voting while serving a state or federal prison term shall have their right to vote restored upon the completion of their prison term;
- Makes other technical and conforming changes.

Background:
The California Constitution prohibits any person who is imprisoned or on parole for the conviction of a felony from voting. State law also requires elections officials to cancel the voter registrations of parolees convicted of a felony. Once an individual completes parole, then their right to vote is restored and they can re-register to vote. The laws governing whether those convicted of felonies can vote are referred to as "felony disenfranchisement" laws.

States vary in their felony disenfranchisement laws. In two states—Maine and Vermont—persons convicted of felonies never lose their right to vote, even while they are incarcerated. In 14 states and the District of Columbia, persons convicted of felonies lose their voting rights only while incarcerated. In 22 states, persons convicted of felonies lose their voting rights during incarceration, and for some time after, typically while on parole and/or probation. In 12 states, persons convicted of felonies lose their voting rights indefinitely for some crimes, or require a governor's pardon in order for their voting rights to be restored, or face an additional waiting period after completion of sentence before they regain the right to vote. States that provide for "automatic restoration" of voting rights do not mean that voter registration is automatic. California requires that voter registration information be provided to formerly incarcerated people.

Between 1996 and 2008, 28 states passed new laws on felon voting rights. More recently, Florida passed a citizen initiated constitutional amendment and restored the right to vote for those with prior felony convictions, with certain exceptions. The New York Governor issued an executive order removing the restrictions on parolees' right to vote and Louisiana passed a bill allowing any person who has not been incarcerated in the last 5 years to vote. This year the Nevada Governor signed a bill permitting persons convicted of felonies the right to vote after being released from prison. Previously, Nevada law required a felon to have their right to vote restored two years after completing probation or parole or release from prison.

Fiscal impact:
This measure would result in one-time General Fund costs to the Secretary of State (SOS) in the range of $480,000 to $640,000, likely in 2020-21, for printing and mailing costs to place the measure on the ballot in a statewide election. Actual costs may be higher or lower, depending on the length of required elements and the overall size of the ballot.

Support and Opposition:
A coalition of groups including the ACLU, Vote California, and many elected officials support the amendment. They argue that parolees are now working, paying taxes, and living in their communities but they can't vote on policies that affect their lives, effectively disenfranchising citizens not in prison. Supporters contend that disenfranchisement is rooted in a punitive justice belief system that intentionally attempts to rob marginalized people of their political power. They also state that California is one of only a handful of states that denies the right to vote to people on parole but allows people on probation to vote which creates confusion resulting in "de facto disenfranchisement."

Opponents include the Election Integrity Project California and Republicans. They argue this initiative would extend the most fundamental and valuable of American privileges—the right to vote— to those who have not made full restitution for their crimes. While on parole, a former criminal's liberties, such as movement, association, activities and even ownership of certain items are still heavily restricted and regularly monitored by the system. Any misstep results in immediate re-incarceration. They contend that individuals on parole have not regained the full trust of the society at large and that parole is a reminder that they are still are not free from the criminal justice system. Therefore, they should not be allowed to vote until they complete their sentence and earn the rights that they lost as punishment for their crimes.

Prior Positions:
The Federation took a support position on Proposition 52 (2002) to allow same day voter registration and took support positions on Proposition 47 (2014) that changed non-serious and non-violent crimes from felonies or wobblers to misdemeanors and Proposition 57 (2016) that increased parole chances for felons convicted of nonviolent crimes and gave them more opportunities to earn sentence-reduction credits for good behavior.

A YES vote on this measure means:
Voters support this constitutional amendment to allow people on parole for felony convictions to vote.

A NO vote on this measure means:
Voters do not support allowing people on parole for felony convictions to vote.

PROPOSITION 18:
CALIFORNIA VOTING FOR 17-YEAR-OLDS AMENDMENT

LEGISLATIVELY REFERRED CONSTITUTIONAL AMENDMENT

Ballot Summary:
This measure would amend Article II of the California Constitution to allow a 17-year-old who will be 18 by the time of the next general election to vote in any primary or special election that occurs before the next general election.

Background:
The California Constitution requires a citizen to be the age of 18 or older before they can vote in a state, local or federal election. Other states permit a 17-year-old to vote in a primary election if the voter will turn 18 by the time of the general election. In some other states, 17-year-olds are allowed to participate in presidential caucuses if they will be 18 by the date of the general election, though the eligibility requirements for participating in a presidential caucus generally is determined by the political party conducting the caucus. At least two localities (Takoma Park and Hyattsville, Maryland) have allowed 16- and 17-year-olds to vote in municipal elections.

In California, some local jurisdictions have sought to lower the voting age for certain elections. In 2016, voters in the City of Berkeley approved a charter amendment that permits the City Council to lower the voting age to 16 years old for school board elections. In 2020, the San Francisco Board of Supervisors introduced a charter amendment that would permit 16- and 17-year-old residents to vote in San Francisco's municipal elections. In 2016, a similar ballot measure, known as Proposition F, was proposed and subsequently rejected by San Francisco voters. Additionally, in 2020, the Oakland City Council voted to submit a ballot measure to the voters for the November 3, 2020 general election that would amend the city's charter to authorize the City Council to allow eligible individuals who are at least 16 years old to vote for the office of School Director.

Fiscal impact:
This measure would result in one-time General Fund costs to the Secretary of State (SOS) in the range of $480,000 to $640,000, likely in 2020-21, for printing and mailing costs to place the measure on the ballot in a statewide election. Actual costs may be higher or lower, depending on the length of required elements and the overall size of the ballot.

Additionally, the measure would result in one-time increased General Fund costs of roughly $250,000 for SOS to provide new or replenish existing registration cards and for changes to the VoteCal system, including validation and modifications on the California Online Voter Registration website (COVR).

Support and Opposition:
Supporters include Generation Citizen and various student groups that argue this measure is a way to increase California's low voter turnout numbers. They state that extending voting rights to 17-year-olds can spur a long-term increase in turnout, because voting is habitual, and research shows that age 17 is a better age than 18 to establish the habit. California has already taken important steps to encourage

youth engagement, including allowing 16-year-olds to preregister to vote and establishing High School Voter Education Weeks.

Opponents include the Election Integrity Project California that argues that 17-year-olds are legal minors and considered children in the eyes of the law. They contend that since they are almost all still living at home they are subject to undue pressure and influence from their immediate superiors such as parents or teachers. This means they are less likely to be expressing their own, independently thought-out choices in elections and would just vote as extensions of their elders.

Prior Positions:
The Federation took a support position on Proposition 52 (2002) that would have allowed same day voter registration.

A YES vote on this measure means:
Voters support this constitutional amendment to allow 17-year-olds who will be 18 by the time of the next general election to vote at any primary or special election that occurs before the next general election.

A NO vote on this measure means:
Voters would not change the current voting age of 18 years old.

PROPOSITION 19:
PROPERTY TAX TRANSFERS, EXEMPTIONS, AND REVENUE FOR WILDFIRE AGENCIES AND COUNTIES AMENDMENT

INITIATIVE CONSTITUTIONAL AMENDMENT

Ballot Summary:
Proposition 19 amends the Constitution to do the following:

- Allow, operative April 1, 2021, homeowners who are over 55 years, severely disabled, or the victim of a disaster, to transfer the base year value of their home to a replacement home located anywhere in California that is purchased within 2 years of the sale of their original home up to three times.
- Allow homeowners to purchase a replacement home of greater value than their original home, with an additional adjustment to account for the value difference.
- Repeal the existing parent-child change in ownership exclusion and create a new one that is narrower in scope for transfers occurring on or after February 16, 2021. Specifically, these provisions:
    - Allow the exclusion only if the real property is a family home or farm of the transferor, and the property continues as the family home or farm of the transferee; and
    - Limit the amount of the exclusion to the first $1 million of value that would be added upon reassessment of a family home (or family farm).
    - Eliminate the exclusion for all other transfers of real property between parents and children, such as rental property, second homes, and commercial property.
    - Allow the transferee to receive the property tax benefit of the exclusion by claiming the homeowners' exemption or disabled veterans' exemption at the time of the purchase or transfer of the family home (or family farm) or within one year of the purchase or transfer.
- Establish the California Fire Response Fund to provide fire suppression staffing funding and the County Revenue Protection Fund for the purpose of reimbursing eligible local agencies that incur a net revenue loss related to these property tax provisions.

Background:
Property taxes are a major source of revenue for local government, school and special districts, resulting in $60 billion annually in local funding. The state does not collect property taxes but does guarantee schools a minimum amount of funding each year. If property taxes decrease (or increase) then state funding to schools increases (or decreases) to make up the difference. As a result, the state General Fund is impacted by any change in local property tax collection.

Proposition 13 (1978) capped property tax rates at 1% of a property's full cash value. The value of a home —the property tax base amount—is set at the time of purchase and may only annually increase 2% or at the rate of inflation, whichever is lower. Homes are only reassessed to market value when the property is sold, and then the property tax is imposed based on the market value of the home.

Current law allows a special exemption from Proposition 13 for homeowners 55 years and older, and for the severely disabled. The exemption allows for older and disabled homeowners to transfer the property tax base amount of their existing home to a new home. To qualify for the exemption, the market value of the new home must be equal to or lesser than the current market value of the old home. Homeowners can only use the exemption once and may only use it for a home in the same county as the old home.

However, 11 counties (Alameda, El Dorado, LA, Orange, Riverside, San Bernardino, San Diego, San Mateo, Santa Clara, Tuolumne and Ventura) do allow homeowners to use the exemption to transfer a property tax base amount from another county. This means that qualified homeowners may transfer their current property tax base amount from one county to one of the 11 participating counties if they purchase a home of equal or lesser value to their current residence.

In California, parents or grandparents can transfer primary residential properties to their children or grandchildren without the property's tax assessment resetting to market value. Other types of properties, such as vacation homes and business properties, can also be transferred from parent to child or grandparent to grandchild with the first $1 million exempt from re-assessment when transferred.

Proposition 19 replaces another initiative, the California Property Tax Transfers and Exemptions Initiative, that the California Association of Realtors (CAR) qualified for the ballot. After negotiations with stakeholders and the Legislature, CAR agreed to remove their initiative and replace it with ACA 11 (Mullin), which placed Proposition 19 on the ballot as a replacement compromise.

Fiscal impact:
The Board of Equalization (BOE) estimates that the measure's base year value transfer proposal would result in an average revenue loss of $1,560 per replacement property; the amount of transfers that would occur cannot be determined in advance. BOE indicates that the revenue impact from the measure's second change, that to the parent-child and grandparent-grandchild exclusion, is indeterminable. The Legislative Analyst's Office's (LAO) analysis of similar proposals indicates that those contained in this measure would result in a net increase in property tax revenue.

Support and Opposition:
Supporters include the California Association of Realtors and the California Professional Firefighters. They state that Proposition 19 is a compromise measure to replace a measure qualified for the November ballot, allowing for flexibility and reform in California's property tax formulas, while leaving the protections of Proposition 13 intact. They also contend that the Proposition contains several provisions intended to increase the stock of available housing and provide protections to vulnerable Californians in the housing market, while creating protected funding for underfunded fire districts throughout the state and ensuring that counties and local governments receive equal and equitable funding through the provisions.

There is no formal, organized opposition to this Proposition as of July 6, 2020.

Prior Positions:
The Federation opposed Proposition 5 (2018) that was similar to this proposition.

A YES vote on this measure means:
Voters would approve a constitutional amendment to allow eligible homeowners to 1) transfer their tax assessments anywhere within the state and allow tax assessments to be transferred to a more expensive home with an upward adjustment up to three times; 2) require that inherited homes that are not used as principal residences, such as second homes or rentals, be reassessed at market value when transferred; and 3) allocate additional revenue or net savings resulting from the ballot measure to wildfire agencies and counties.

A NO vote on this measure means:
Voters would not change the current voting age of 18 years old. Voters would not approve this constitutional amendment leaving in place current property tax and property transfer laws.

PROPOSITION 20:

RESTRICTS PAROLE FOR NON-VIOLENT OFFENDERS. AUTHORIZES FELONY SENTENCES FOR CERTAIN OFFENSES CURRENTLY TREATED AS MISDEMEANORS

INITIATIVE STATUTE

Secretary of State Ballot Summary:

- Imposes restrictions on parole program for non-violent offenders who have completed the full term for their primary offense.
- Expands list of offenses that disqualify an inmate from this parole program.
- Changes standards and requirements governing parole decisions under this program.
- Authorizes felony charges for specified theft crimes currently chargeable only as misdemeanors, including some theft crimes where the value is between $250 and $950.
- Requires persons convicted of specified misdemeanors to submit to collection of DNA samples for state database.

Background:

Felony offenders who have current or prior convictions for serious, violent, or sex crimes can be sentenced to state prison. Felony offenders who have no current or prior convictions for serious, violent, or sex offenses are typically sentenced to county jail or the supervision of a county probation officer in the community, or both. Depending on the discretion of the judge and what crime was committed, some felony offenders who do have such convictions can receive similar sentences.

Offenders convicted of misdemeanors may be sentenced to jail, county community supervision, a fine, or some combination of these. Misdemeanor offenders are generally sentenced to shorter periods of incarceration and lower levels of community supervision. Some crimes—such as unauthorized taking of a vehicle—can be charged as either a felony or a misdemeanor. These crimes are known as "wobblers." In 2011, the U.S. Supreme Court ruled that overcrowding in California's prisons resulted in cruel and unusual punishment and affirmed an order to reduce the state prison population. AB 109, which passed a month before the ruling, shifted the imprisonment of non-serious, non-violent, and non-sexual offenders from state prisons to local jails. AB 109 also made counties, rather than the state, responsible for supervising certain felons on parole.

A pair of criminal justice reform initiatives sought to reform the system as well as reduce the prison population and promote rehabilitation and reduce recidivism. Proposition 47 (2014) changed non-serious and non-violent crimes from felonies or wobblers to misdemeanors. Proposition 57 (2016) increased parole chances for felons convicted of non-violent crimes and gave them more opportunities to earn sentence-reduction credits for good behavior. The Federation supported both of these Propositions.

Legislative Analyst and Director of Finance estimate of fiscal impact:

Increased state and local correctional costs likely in the tens of millions of dollars annually, primarily related to increases in penalties for certain theft-related crimes and the changes to the non-violent offender release consideration process. Increased state and local court-related costs of around a few million dollars annually related to processing probation revocations and additional felony theft filings.

Increased state and local law enforcement costs not likely to exceed a couple million dollars annually related to collecting and processing DNA samples from additional offenders.

Support and Opposition:
Supporters include crime victims, law enforcement organizations, retail stores, and elected officials. They argue that this Proposition is necessary to fix the flawed criminal justice reforms in recent years that are fueling a dramatic rise in overall crime in the state. Grocery and retail stores contend that serial theft at their stores rose after Proposition 47 and is costing them money in lost merchandise and security costs. Supporters also contend that recent reforms have left habitual parole violators on the street and have prevented the collection of DNA which leaves many serious crimes unsolved.

Opponents include former Governor Jerry Brown, the ACLU, and SEIU. Opponents argue that recent criminal justice reforms have reduced mass incarceration and put inmates on a path to rehabilitation, all while keeping crime rates down. They say this measure will result in increased prison costs of tens of millions of dollars a year, which state and local governments can ill-afford. The measure will take money away from schools, job training programs, and other services that help keep people out of prison in the first place, creating a vicious cycle resulting in a return to mass incarceration, prison overcrowding, and another criminal justice crisis.

Prior Positions:
The Federation took an oppose position on Proposition 69 (2004) to allow collection of DNA samples for a statewide DNA database. The Federation took a support position on Proposition 47 (2014) that changed non-serious and non-violent crimes from felonies or wobblers to misdemeanors and a support position on Proposition 57 (2016) that increased parole chances for felons convicted of non-violent crimes and gave them more opportunities to earn sentence-reduction credits for good behavior.

A YES vote on this measure means:
Voters approve adding crimes to the list of violent felonies for which early parole is restricted; recategorizing certain types of theft and fraud crimes as wobblers (chargeable as misdemeanors or felonies); and requiring DNA collection for certain misdemeanors.

A NO vote on this measure means:
Voters oppose adding crimes to the list of violent felonies for which early parole is restricted and the other proposed changes.

PROPOSITION 22:
CHANGES EMPLOYMENT CLASSIFICATION RULES FOR APP-BASED TRANSPORTATION AND DELIVERY DRIVERS

INITIATIVE STATUTE

Secretary of State Ballot Summary:

- Establishes different criteria for determining whether app-based transportation (rideshare) and delivery drivers are "employees" or "independent contractors."
- Independent contractors are not entitled to certain state-law protections afforded employees—including minimum wage, overtime, unemployment insurance, and workers' compensation.
- Instead, companies with independent contractor drivers will be required to provide specified alternative benefits, including: minimum compensation and healthcare subsidies based on engaged driving time, vehicle insurance, safety training, and sexual harassment policies.
- Restricts local regulation of app-based drivers; criminalizes impersonation of such drivers; requires background checks.

Background:

On April 30, 2018, the California Supreme Court issued a unanimous ruling in *Dynamex Operations West v. Superior Court* that made it harder for companies to misclassify workers as independent contractors. The court looked at the harm to workers, law-abiding businesses, and the state from worker misclassification and determined that all parties benefit from a clear and protective test of employment status, known as the "ABC Test."

In 2019, the Legislature passed, and the Governor signed into law, AB 5 (Gonzalez) that codified the *Dynamex* decision and clarified where it applies. It also exempted from the decision specified professions, business relationships. and other entities and arrangements. Any exempted individual or business was exempted from the ABC test but was still subject to the former test known as *Borello*, after a previous court decision.

Since the 1970s, many companies have shifted from an employment model to a contractor model. In many cases, workers were employees one day and were flipped into contractors the next day. Industries like trucking, delivery, janitorial, and construction have all seen the impact of worker misclassification and the result has been lower wages, declining union density, and unfair competition for responsible contractors. The use of smartphone technology accelerated the use of misclassification through what is known as the "gig economy." Workers are hired and dispatched through apps to do everything from provide home care, deliver packages, and do electrical work.

Independent contractors are not protected by state or federal labor laws that apply to employees such as minimum wage, overtime, reimbursement for expenses, workers comp, discrimination protection or any other protection. Independent contractors are not entitled to unemployment insurance and their "employers" do not pay payroll taxes. Independent contractors do not have the right to organize and are prohibited by anti-trust law from joining together collectively to advocate for higher wages or rates.

Dynamex uses a simple and objective test for whether a worker is an employee or a contractor. Under the "ABC Test," if a company wants to classify a worker as a contractor, the company must prove all three of

the following: (1) the worker is free from company control and direction, (2) the worker performs work outside the usual course of the hiring entity's business, and (3) the worker is customarily engaged in an independently established trade of the same nature as the work performed.

App-based companies such as Uber, Lyft, Handy and others have advocated in California and nationally for the creation of a "third-category" of worker that would protect their business model from having to comply with applicable state and federal labor laws. After AB 5 passed in California, they submitted Proposition 22 to exempt app-based drivers and delivery workers completely from the law. The Proposition goes farther than the exemptions in AB 5, in that it makes app-based drivers independent contractors under the law rather than subjecting them to either the ABC test under *Dynamex* or the *Borello* test.

Legislative Analyst and Director of Finance estimate of fiscal impact:
Increase in state personal income tax revenue of an unknown amount.

Support and Opposition:
Supporters include Uber, Lyft, DoorDash, Postmates, and Instacart under the banner of Protect App-Based Drivers and Services. They argue that AB 5 limits the availability and affordability of on-demand services that benefit consumers, small businesses, and the economy. They contend that current law for independent contractors denies companies the ability to provide many workplace protections, such as guaranteed hourly earnings and benefits. State law also makes it difficult for rideshare and delivery service companies to implement many customer and public safety protections. They also argue that "gig" work provides flexibility that is important to many workers.

Opposition includes many unions, state and national elected officials, Presidential candidate Joe Biden, and many other groups. They argue that gig companies have been violating the law for years, cheating workers out of basic protections, and are now being sued by California's Attorney General and City Attorneys from San Francisco, Los Angeles, and San Diego for refusing to follow the law and now they are desperately trying to avoid paying workers what they owe them for wage theft. They contend that this Proposition will not protect drivers but will create a legal loophole would allow gig companies to make billions of dollars while abandoning their responsibility to pay for basic worker protections like unemployment insurance, Social Security, Medicare, and the life-saving protective equipment drivers, riders, and their families depend on to stay safe and healthy. If passed, it will create a rush by traditional, often unionized industries, to get into the "gig" model to get out of their responsibilities to workers, lowering wages and standards for all. They also say that this sets a dangerous precedent for billion-dollar companies to buy a ballot measure to get out of following laws passed by the Legislature and signed by the Governor, thus subverting and undermining our democracy.

Prior Positions:
The Federation took an oppose position on Proposition 11 (2018) that repealed an existing labor law protecting private ambulance drivers and relieved ambulance companies from past liability for workers' claims for unpaid breaks.

A YES vote on this measure means:
Voters support changing labor law to define app-based transportation (rideshare) and delivery drivers as independent contractors and adopting policies specific to app-based drivers and companies.

A NO vote on this measure means:
Voters oppose this measure meaning that AB 5 (2019) could be used to decide whether app-based drivers are employees or independent contractors.

PROPOSITION 23:
AUTHORIZES STATE REGULATION OF KIDNEY DIALYSIS CLINICS. ESTABLISHES MINIMUM STAFFING AND OTHER REQUIREMENTS

INITIATIVE STATUTE

Secretary of State Ballot Summary:
- Requires at least one licensed physician on site during treatment at outpatient kidney dialysis clinics; authorizes Department of Public Health to exempt clinics from this requirement due to shortages of qualified licensed physicians if at least one nurse practitioner or physician assistant is on site.
- Requires clinics to report dialysis-related infection data to state and federal governments.
- Requires state approval for clinics to close or reduce services.
- Prohibits clinics from discriminating against patients based on the source of payment for care.

Background:
Patients with failed or damaged kidneys cannot filter waste leaving unneeded water and toxins to build up in the blood. Dialysis is a process in which the patient's blood is drained and filtered to remove toxins and water, and then replaced in the body, mimicking the job of healthy kidneys. Most dialysis treatment in California is administered in about 580 outpatient Chronic Dialysis Clinics (CDCs), not in hospitals.

Most CDCs in the state are owned and operated by one of two private for-profit companies—DaVita Healthcare Partners and Fresenius Medical Care. Total revenues to CDCs are estimated at $3 billion annually. The primary payer for dialysis care is the federal Medicare program. Dialysis treatment is also a widely covered benefit in the private market, so health plans and insurers also pay for treatment for individuals with employer-sponsored coverage and individual coverage.

The State Department of Public Health licenses CDCs and certifies them on behalf of the federal government. Federal certification is required to receive payment from Medicare and Medi-Cal. Currently, California does not have its own state regulations governing CDCs, but instead relies on federal regulations as the basis for its licensing program.

Federal regulations require that each CDC have a medical director who is a board-certified physician. The medical director is responsible for quality assurance, staff education and training, and development and implementation of clinic policies and procedures. Federal regulations do not require medical directors to spend a specific amount of time at the CDC. CDCs must report specified infection-related information to the National Healthcare Safety Network at the federal Centers for Disease Control.

The dialysis clinic market is highly consolidated, with two main companies that operate over 75% of clinics in the state, treating 70% of dialysis patients. Near monopoly control by two global, for-profit companies makes it difficult for health plans and insurers to negotiate reasonable rates for dialysis treatment for private payers. As a result, rates charged for patients with private health insurance is reportedly four-times higher than what Medicare pays for the same service.

This initiative would create new requirements for CDCs that 1) require each CDC to have a physician onsite

during treatment hours; 2) requires CDCs to offer the same quality of care to all patients regardless of who pays for their treatment; 3) mandates reporting by CDCs of infection-related information to CDPH and the federal government and imposes penalties for non-reporting; and 4) requires CDCs to notify and obtain consent from CDPH before closing or reducing services.

Legislative Analyst and Director of Finance estimate of fiscal impact:
Increased state and local health care costs, likely in the low tens of millions of dollars annually, resulting from increased dialysis treatment costs.

Support and Opposition:
Supporters include SEIU-UHW among other labor and health advocate groups. They argue that the quality of dialysis care is suffering while clinics price-gouge consumers for the treatment. They argue that poor sanitation and under-staffing lead to higher infection rates. This initiative will require proper medical supervision and that infections are reported to the state and federal government for tracking. They also argue that the two major clinics charge inflated prices, and this would prevent discrimination based on payer, while also preventing dialysis clinics from closing and leaving patients who rely on life-saving treatments in the lurch.

Opposition includes dialysis providers, the California Medical Association and numerous medical, veteran and business groups. They contend that this measure would negatively impact workers by requiring clinics to cut back on staff to provide an on-site physician. They also contend that it puts patients at risk because the costs of providing minimum staffing would force some clinics to close, as well as worsening the physician shortage by requiring them in dialysis clinics. They also argue it would increase health care costs because of the additional staffing and reporting requirements, expenses that clinics would pass on to patients.

Prior Positions:
The Federation took a support position on Proposition 8 (2018) on to require dialysis clinics to issue rebates for revenues a percentage above direct patient care or health care improvements.

A YES vote on this measure means:
Voters would authorize that the state require 1) each CDC to have a physician onsite during treatment hours; 2) CDCs to offer the same quality of care to all patients regardless of who pays for their treatment; 3) reporting by CDCs of infection-related information to CDPH and the federal government and imposes penalties for non-reporting; and 4) CDCs to notify and obtain consent from CDPH before closing or reducing services.

A NO vote on this measure means:
Voters would not impose the above standards on CDCs.

PROPOSITION 25:
REFERENDUM TO OVERTURN A 2018 LAW THAT REPLACED MONEY BAIL SYSTEM WITH A SYSTEM BASED ON PUBLIC SAFETY RISK

REFERENDUM

Secretary of State Ballot Summary:

- Permits consumers to:
  - prevent businesses from sharing personal information;
  - correct inaccurate personal information; and
  - limit businesses' use of "sensitive personal information"—such as precise geolocation; race; ethnicity; religion; genetic data; union membership; private communications; and certain sexual orientation, health, and biometric information.
- Changes criteria for which businesses must comply with these laws.
- Prohibits businesses' retention of personal information for longer than reasonably necessary.
- Triples maximum penalties for violations concerning consumers under age 16.
- Establishes California Privacy Protection Agency to enforce and implement consumer privacy laws and impose administrative fines.
- Requires adoption of substantive regulations.

Background:

As of 2019, California had a pretrial release system that allowed for defendants to be released on their own recognizance or released after depositing cash bail. Cash bail requires defendants to pay a bond to be released from jail pending trial with the promise to return to court. The state's countywide courts set cash bail amounts for crimes, and judges are permitted to adjust the cash bail amounts upward or downward. Defendants post bail with their own money or through a commercial bail bond agent, who pays the full bail amount in exchange for a non-refundable premium. In California, there is no law setting or capping premiums on bail bonds and agents often charge close to 10%.

Critics of the cash bail system have highlighted the negative impact on communities of color and low-income individuals. People who have money are released from county jail and can return to their lives, while those who can't afford bail remain incarcerated and are more likely to plead guilty in order to get out of custody. A defendant who does not have the funds to make bail may lose their job, lose custody of their children, or face other penalties. The current system results in California jails being crowded with individuals who are occupying jail beds while they are facing criminal charges. In addition, the determination as to who remains detained while awaiting resolution of criminal charges is made based on money and not whether the person is a present danger to the community or at high risk of committing crimes while out on bail.

In response to criticism of the cash bail system, the Legislature passed, and the Governor signed, SB 10 (Hertzberg) into law, which establishes a new state pretrial process that eliminated bail. Unlike the existing system, SB 10 required the release individuals not on bail but under a new pretrial process. The bill mandated that individuals booked for most misdemeanors to be released from county jail within 12 hours of booking. Other individuals arrested for certain offenses would be evaluated by court or county assessment staff using tools to determine their risk of not appearing in court or committing an offense if

released. Low risk individuals would be released and individuals determined to be medium risk could be released prior to arraignment by assessment of staff or a judge. Released individuals could be subject to supervision requirements, such as regular check-ins with county probation or other staff, which could be modified by the court for good cause. Individuals determined to be high risk—as well as individuals who meet certain criteria—would be detained in county jail until arraignment.

At arraignment, individuals would generally be released unless the district attorney requests a hearing seeking to detain them until trial. The court could only order an individual to be detained under certain conditions—such as determining that there are no supervision requirements (such as electronic monitoring) that can be imposed to ensure the individual's appearance in court and public safety. SB 10 would also prohibit the charging of any fees for any supervision requirements that are imposed as a condition of release. Opponents to SB 10, mainly the bail bond industry, collected signatures after the passage of SB 10 to put a referendum on the ballot to overturn the law.

Support and Opposition:
Supporters include End Predatory & Unfair Money Bail, a coalition of justice reform and labor organizations, elected officials, and many other groups. They argue that preserving SB 10 and the end of cash bail is imperative because without it the state will waste an estimated $1.8 billion every year to keep people with low-level charges, who can't afford bail, locked up. They also argue that this referendum will hurt public safety because pretrial release is based on whether defendants can afford bail, rather than whether they pose any real threat to society. Supporters also say that the cash bail system is fundamentally unfair system that forces innocent people to either stay in jail until their trial or plead guilty to crimes they didn't commit because they can't afford bail and they can't afford to lose their job, their home, or their family.

Opposition includes a coalition of bail agents and other bail industry groups. They argue that SB 10 is costly and reckless and not the right way to do bail reform. They argue that the biggest flaw in SB 10 is the use of computer programs to make important justice decisions—the same type of algorithms that Big Data companies use. They contend that the use of algorithms has been proven to discriminate against the poor, minorities and people who live in certain neighborhoods.

Prior Positions:
The Federation took a support position on Proposition 47 (2014) that changed non-serious and non-violent crimes from felonies or wobblers to misdemeanors and a support position on Proposition 57 (2016) that increased parole chances for felons convicted of non-violent crimes and gave them more opportunities to earn sentence-reduction credits for good behavior.

A YES vote on this measure means:
Voters would uphold the contested legislation, SB 10, which would replace cash bail with risk assessments for detained suspects awaiting trials.

A NO vote on this measure means:
Voters would repeal the contested legislation, SB 10, thus keeping in place the use of cash bail for detained suspects awaiting trials.