



# San Mateo County Chamber of Commerce Alliance

## **Legislative Report:**

1. AB 1733 (Hill) Director of California Biotechnology: Duties
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## **Issues Report:**

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4. Proposition 14: Elections: Open Primaries
5. Proposition 15: California Fair Election Act
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7. Proposition 17: Continuous Coverage Auto Insurance Discount Act

## **Updates:**

8. State Parks and Wildlife Conservation Trust Fund Act

**March 3, 2010**  
**Legislative Report #3**

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**Legislative Report:**

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**1. AB 1733 (Hill) Director of California Biotechnology: Duties**

**Summary**

1. AB 1733 creates the Director of California Biotechnology Retention and Recruitment within the Governor's Office to foster the growth of California's biomedical industry through increased assistance and collaboration between state government, universities and the private sector.

**Background**

2. Current law authorizes the Governor to appoint and fix the salaries of assistants and other personnel as the Governor deems necessary for his or her office.
3. The Director of California Biotechnology Retention and Recruitment shall be responsible for both of the following:
  - a. Serving as an informational resource for biotechnology, life science, and medical companies in this state by helping them comply with state and local regulatory requirements.
  - b. Serving as an informational resource for biotechnology, life science, and medical companies located outside of this state that are interested in relocating within this state.

**Status**

4. AB 1733 is set for a hearing in the Assembly Health Committee on 03/23/2010 at 1:30pm.

**Arguments in Support**

*None on file at this time*

**Arguments in Opposition**

*None on file at this time*

**Supporting**

*None on file at this time*

**Opposing**

*None on file at this time*

**2. AB 2063 (Huffman) Fish: Chinook Salmon**

**Summary**

1. AB 2063 would name the Chinook salmon as the official state anadromous fish and establishes a state goal to restore the Chinook salmon population.

## **Background**

2. Current law establishes the Salmon, Steelhead Trout, and Anadromous Fisheries Protection Act to protect and increase the naturally spawning salmon, steelhead trout, and anadromous fishery resources of the state.
3. Current law defines anadromous fish as fish that spawn in fresh water and spend a portion of their lives in the ocean.
4. AB 2063 further expands on the state goal as to restore Chinook salmon to thriving and sustainable levels, sufficient to support tribal, recreational and commercial fisheries, within a decade.
5. AB 2063 calls upon the state Department of Fish and Game to work collaboratively with other public and private partners to implement the goal of restoring Chinook salmon, and to prioritize conservation planning efforts for recovery of Chinook and other salmonid species.
6. Historical Perspective:
7. The Chinook salmon (*Oncorhynchus tshawytscha*), a fish native to many California streams for thousands of years, is an extremely important ecological, economic, and cultural resource to all the people of California.
8. Chinook salmon are anadromous fish that are born in fresh cold water streams, migrate hundreds of miles to the ocean where they spend most of their adult life, and then return to spawn and lay their eggs in the stream of their birth.
9. The first commercial harvest of Chinook salmon began in the Sacramento River in the 1850s when it provided food for the gold rush.
10. Chinook salmon have managed to survive and evolve over hundreds of years in California, showing extraordinary resilience in the face of tremendous change, including, but not limited to, the damming and diversion of most major California rivers, hydraulic mining during the gold rush, past timber harvesting and over-fishing practices, loss of cold water and riparian habitat, competing demands for water, and changing ocean conditions.
11. Despite their resilience and cultural, historical, aesthetic, and economic importance, salmonid fishes, including Chinook salmon, are in severe decline in most of their native habitats and many populations have been extirpated.
12. All Chinook salmon runs in California have declined dramatically and of the four separate Central Valley Chinook salmon runs, two are listed under the federal Endangered Species Act of 1973 and the California Endangered Species Act and are currently threatened with extinction.
13. The Central Valley fall run, the strongest of the four Central Valley Chinook salmon runs, has been the backbone of the recreational and commercial salmon fishing industry in California.

14. However, the salmon fishing season has been closed the last two years due to a dramatic drop in the number of returning fish, which dropped 90 percent from 738,000 in 2002, to 66,000 in 2008, an all time low.
15. Fishery scientists anticipate 2010 will be the third year in a row where the number of returning fish drop below 122,000, the minimum escapement necessary for long-term survival of the species.
16. In 2007, the National Marine Fisheries Service placed the Chinook salmon from the Central Valley fall run on their "Species of Special Concern" list.
17. The economic impact of the closure of the Central Valley fall run is estimated at over \$2 billion, with as many as 23,000 jobs lost.
18. The California salmon industry supports thousands of recreational fishers, over 1,000 licensed commercial boats (down from a high of over 8,000 boats in the 1970s), and hundreds of related businesses.
19. Many of these businesses were forced to shut down in 2008 and 2009, while others managed to stay open through receiving federal disaster assistance.
20. It is anticipated that if the salmon season is closed again in 2010 as many as 30 percent of the remaining businesses will fail.
21. It is estimated that recovery of the Central Valley fall run could produce over \$5 billion in economic revenues and as many as 94,000 jobs.

**Status**

22. AB 2063 introduced on February 18, 2010 and as of March 4, 2010 is pending committee assignment in the Assembly

**Arguments in Support**

*None on file at this time.*

**Arguments in Opposition**

*None on file at this time.*

**Supporting**

*None on file.*

**Opposing**

*None on file.*

## **Issues Report:**

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### **3. Proposition 13: Property Tax: New Construction Exclusion: Seismic Retrofitting**

#### **Summary**

1. Proposition 13, a constitutional amendment, would prohibit tax assessors from re-evaluating new construction for property tax purposes when the point of the new construction is to seismically retrofit an existing building.
2. Earthquake safety improvements made to unreinforced masonry (such as brick) buildings would not result in higher property taxes until the building is sold.

#### **Background**

3. Current law determines how local property taxes are assessed.
4. Local property taxes are based on each property's assessed value and when a property is purchased, it is generally given an assessed value equal to its purchase price.
5. As long as a property has the same owner and there is no new construction on the property, its assessed value generally remains the same, except for a small annual increase for inflation.
6. "New construction" generally causes a reassessment if it adds a building, adds space, converts a building to a new use, or renovates the building to make it like new.
7. The property's assessed value is increased to reflect the value added by the new construction. In contrast, the assessed value is not increased for normal maintenance and repair.
8. Currently, there are several specific exclusions in the State Constitution from the "new construction" rule.
9. Among them are two separate provisions regarding earthquake safety modifications on existing buildings.
10. The first one excludes earthquake safety upgrades on "unreinforced masonry buildings" (such as those made of brick or cement blocks) that are required by local ordinances.
11. Such upgrades are excluded from reassessments for a period of 15 years.
12. The second excludes from reassessment other earthquake safety modifications to any type of building and has no time limit. Both exclusions apply only until the property is sold.
13. Proposition 13 deletes both of the existing exclusions and replaces them with a single exclusion for all earthquake safety upgrades.
14. The exclusion would not be time-limited and would last until the property is sold.

#### **Arguments in Support**

15. Proposition 13 would benefit the owners of existing structures who are facing the expiration of the 15-year exclusion period under as stated in Proposition 23 (1984) and would ensure equal treatment of property owners who incorporate seismic safety improvements into existing buildings, regardless of the type of the buildings.

### **Arguments in Opposition**

16. The California School Employees Association wrote in opposition to SCA 4, the State Constitutional Amendment that is now Proposition 14, because the bill does not provide for state backfill of lost local property tax revenues, thereby reducing property tax revenues available to schools.

### **Supporting**

California Assessor's Office (Supported original bill that is now Proposition 14)  
California Chamber of Commerce  
Howard Jarvis Taxpayers Association

### **Opposing**

California School Employees Association (Opposed SCA 4 in 2007)

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| <b>4. Proposition 14: Elections: Open Primaries</b> |
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### **Summary**

1. Proposition 14, a state constitutional amendment, would require that candidates run in a single primary open to all registered voters, with the top two vote-getters meeting in a runoff.
2. The new system would take effect in the 2012 elections.

### **Background**

3. Proposition 14 would provide for a "voter-nominated primary election" for each state elective office and congressional office in California.
4. This Proposition does not affect Presidential and political party leadership positions.
5. Voters could vote in the primary election for any candidate for a congressional or state elective office without regard to the political party affiliations of either the candidate or the voter.
6. Candidates are able to choose whether or not to have their political party affiliation displayed on the ballot.
7. The Proposition also prohibits political parties from nominating candidates in a primary, although political parties would be allowed to endorse, support or oppose candidates.
8. Elections for presidential candidates and for members of political party committees and party central steering committees would not fall under the "top two" system.

9. Historical Perspective: Californians defeated Proposition 62 in 2004, a similar measure, by 54-46%. State of Washington voters approved a very similar measure, Initiative 872, in 2004, while Oregon voters rejected Measure 65, also a similar measure, in 2008.

### **Arguments in Support**

10. Supporters state that Proposition 14 would free candidates to take positions on issues that they feel are right for their constituents (or districts) without fear of retribution from political parties or special interests.

### **Arguments in Opposition**

11. Opponents argue that Proposition 14 will increase the cost of campaigns, because it requires major party members to run two separate election campaigns in which each must reach out to the full electorate.

### **Supporting**

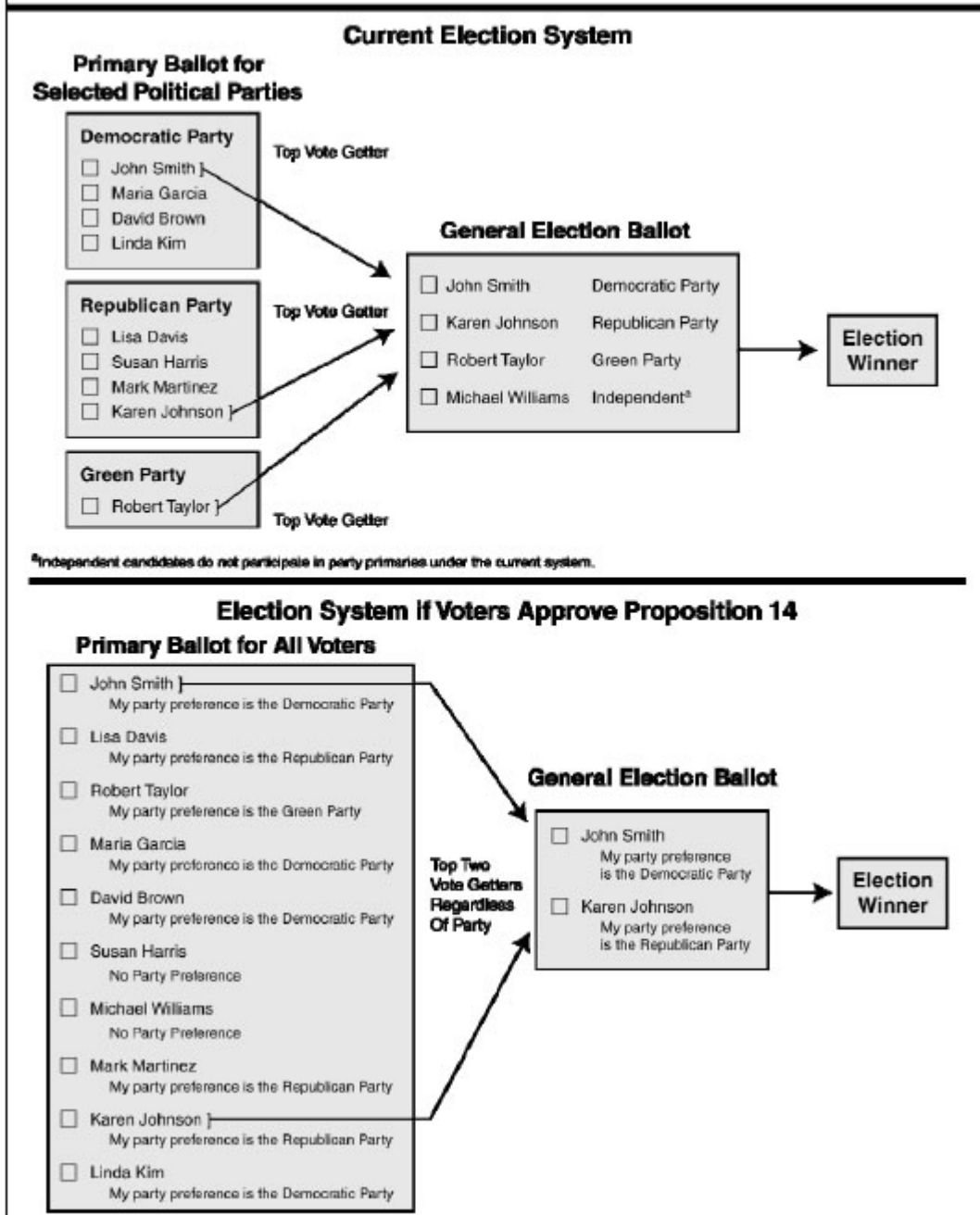
Abel Maldonado (Sponsor of legislation to put Proposition 14 on the ballot)  
Allan Hoffenblum, (Publishes the California Target Book)  
California Chamber of Commerce  
Governor Arnold Schwarzenegger  
Latin Business Association  
Silicon Valley Leadership Group  
Steve Westly (Former controller of California)  
Tom Campbell (Candidate for U.S. Senate)

### **Opposing**

ACLU of Northern California  
Assembly Member Manuel Perez  
Assembly Member Sandre Swanson  
California's Green Party  
State Senator Loni Hancock

**Figure 2**

**Example of How Ballots Would Change if Voters Approve Proposition 14**



**5. Proposition 15: California Fair Election Act**

**Summary**

1. Proposition 15 would lift the state ban on public funding for political campaigns and assess fees on registered lobbyists in California in order to fund candidates for the Office of the Secretary of State of California in 2014 and 2018.

**Background**

2. Proposition 15 was initially sponsored by Loni Hancock, a Democratic State Senator in the Berkeley area.
3. Proposition 15 is a pilot project that will only apply to political campaigns for the Office of Secretary of State in 2014 and 2018 and would expire January 1, 2019 unless the Legislature extended the expiration date.
4. To receive public funds for a primary election campaign, a candidate for Secretary of State would have to collect a certain number of \$5 contributions (“qualifying contributions”) from registered voters.
5. Candidates seeking a nomination from a major party (a major party defined as one that earned at least 10 percent of the votes in the last gubernatorial or Secretary of State election) must collect 7,500 qualifying contributions (a total of \$37,500).
6. Candidates in other parties must collect 3,750 qualifying contributions (a total of \$18,750). (The Democratic Party and the Republican Party currently count as major parties under this measure. Other parties now count as “minor parties,” but could become major parties based on performance in future elections.)
7. Candidates choosing not to participate would fund campaigns from private sources under existing rules.

**Lobbyists Charges:**

8. Proposition 15 requires charges for lobbyists, lobbyist firms, and lobbyist employers of \$700 every two years.
9. These charges will be adjusted by the rate of inflation in the future and will serve as the main source of money for the public funding program.
10. As of January 2010, over 4,300 individuals and groups were registered as lobbyists, lobbying firms, or lobbyist employers.
11. If similar numbers of registrations were to occur in the future, this source of revenue would raise about \$6 million every four-year election cycle.

**Proposition 14 and Proposition 15 Connection:**

12. If approved, Proposition 14 – a constitutional amendment also on the June 2010 ballot – would change the primary and general election system for state offices, including Secretary of State.
13. Proposition 14 makes changes that could conflict with the proposed statutory provisions of the public campaign funding system under Proposition 15.
14. For example, a potential conflict of Proposition 15’s linking of certain funding decisions to participation in a partisan primary election, which would no longer exist if Proposition 14 were to pass.

15. If both measures pass, conflicting provisions of these two measures would have to be reconciled through additional legislation, judicial action, or a future ballot measure.

### **Arguments in Support**

16. Supporters argue Proposition 15 aims to change the way elections are financed, allowing politicians to stay focused on the job we sent them to accomplish.

### **Arguments in Opposition**

17. Opponents point to court rulings in Arizona and Vermont that have struck down similar statutes that required lobbyists to pay fees to fund political campaigns on the grounds that placing these requirements on lobbyists was an "impermissible burden" on their First Amendment rights.

### **Supporting**

*(Partial Listing)*

#### **SENIORS**

AARP

California Alliance of Retired Americans

#### **REFORM**

League of Women Voters of California

California Clean Money Campaign

California Common Cause

Change Congress

Demos: A Network For Ideas & Action

Ella Baker Center for Human Rights

Equal Justice Society

Maplight.org

New America Foundation, Political Reform Program

Public Campaign

Southern California Federation of Scientists

#### **LABOR**

American Federation of State, County, and Municipal Employees (AFSCME)

California Nurses Association (CNA)

Golden State Jobs Coalition

Dolores Huerta, Co-Founder, United Farm Workers of America, AFL-CIO\*

#### **ENVIRONMENTAL**

California Coastal Protection Network

Planning and Conservation League

Sierra Club

Dan Silver, Executive Director, Endangered Habitat League\*

#### **HEALTH**

California Physicians Alliance

California Primary Care Association

Health Care for All – California

## Health Care for All of Santa Clara County

### CONSUMER

Consumers for Auto Reliability and Safety  
Consumer Federation of California

### ELECTED OFFICIALS

Congressmember Bob Filner  
Congressmember John Garamendi  
Congressmember Jackie Speier  
Congressmember Lynn Woolsey  
State Senate President Pro Tem Darrell Steinberg  
State Assembly Speaker Karen Bass  
Senator Elaine Alquist  
Senator Gilbert Cedillo  
Senator Ellen Corbett  
Senator Mark DeSaulnier  
Senator Dean Florez  
Senator Loni Hancock  
Senator Christine Kehoe  
Senator Mark Leno  
Senator Alan Lowenthal  
Senator Jenny Oropeza  
Senator Fran Pavley  
Senator Curren Price  
Senator Gloria Romero  
Senator Patty Wiggins  
Senator Lois Wolk  
Senator Leland Yee  
Assemblymember Tom Ammiano  
Assemblymember Jim Beall  
Assemblymember Marty Block  
Assemblymember Julia Brownley  
Assemblymember Joan Buchanan  
Assemblymember Anna Caballero  
Assemblymember Charles Calderon  
Assemblymember Joe Coto  
Assemblymember Mike Davis  
Assemblymember Hector De La Torre  
Assemblymember Kevin De Leon  
Assemblymember Mike Eng  
Assemblymember Noreen Evans  
Assemblymember Mike Feuer  
Assemblymember Paul Fong  
Assemblymember Felipe Fuentes  
Assemblymember Warren Furutani  
Assemblymember Mary Hayashi  
Assemblymember Ed Hernandez  
Assemblymember Jerry Hill  
Assemblymember Jared Huffman

Assemblymember Dave Jones  
Assemblymember Ted Lieu  
Assemblymember Fiona Ma  
Assemblymember Bill Monning  
Assemblymember Pedro Nava  
Assemblymember Manuel Perez  
Assemblymember Anthony Portantino  
Assemblymember Ira Ruskin  
Assemblymember Mary Salas  
Assemblymember Lori Saldana  
Assemblymember Nancy Skinner  
Assemblymember Sandre Swanson  
Assemblymember Alberto Torrico  
Assemblymember Tom Torlakson  
Assemblymember Mariko Yamada  
State Board of Equalization Chair Betty Yee  
Former United States Senator George McGovern  
Former State Senator Liz Figueroa  
Former State Senator Sheila Kuehl  
Former Assemblymember Sally Lieber  
Former Assemblymember Keith Richman

#### POLITICAL ORGANIZATIONS

California Democratic Council  
Progressive Democrats of America  
Progressive Democrats of California

#### POLITICAL LEADERS

John Burton, Chair, California Democratic Party\*  
Eric Bauman, Vice Chair, California Democratic Party\*  
Alexandra Gallardo-Rooker, Vice Chair, California Democratic Party\*  
Barry Hermanson, Co-Chair, Green Party of California\*  
Chris Stampolis, Democratic National Committee\*

\*Organization name is for identification purposes only

#### **Opposing**

*(Partial List)*

The Institute of Governmental Advocates  
The California Chamber of Commerce  
The California Fair Political Practices Commission  
The California Department of Finance  
The Los Angeles Police Protective League  
California Professional Firefighters

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| <b>6. Proposition 16: Taxpayers Right To Vote Act</b> |
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#### **Summary**

1. Proposition 16, a state constitutional amendment, would require a two-thirds voter approval before local governments can provide electricity service to customers or implement a community choice electricity program using public funds or bonds.

## **Background**

2. Proposition 16 places new voter approval requirements on local governments before they can use “public funds” – defined broadly in the measure to include tax revenues, various forms of debt, and ratepayer funds – to start up electricity service, expand electricity service into a new territory, or implement a Community Choice Aggregation (CCA).
  - a. First, before an authorized local government entity can start up electricity service, it must receive approval by two-thirds of the voters in the area proposed to be served.
  - b. Second, before an existing publicly owned utility can expand its electric delivery service into a new territory, it must receive approval by two-thirds of the voters in the area currently served by the utility and two-thirds of the voters in the new area proposed to be served.
  - c. Third, the measure requires two-thirds voter approval for a local government to implement a CCA.
3. The measure provides three exemptions to local governments from these voter approval requirements:
  - a. If the use of public funds has been previously approved by the voters both within the existing local jurisdiction and the territory proposed for expansion;
  - b. If the public funds would be used solely to purchase, provide, or supply specified types of electricity from renewable sources, such as wind or solar power;
  - c. If the public funds would be used only to provide electric delivery service for the local government’s own use.

## **Historical Overview of Electricity Services**

4. Californians generally receive their electricity service from one of three types of providers: investor-owned utilities (IOUs), local publicly owned electric utilities, or electric service providers (ESPs).
5. These provide 68 percent, 24 percent, and 8 percent, respectively, of retail electricity service in the state.

## **Investor-Owned Utilities**

6. The IOUs are owned by private investors and provide electricity service for profit.
7. The three largest electricity IOUs in the state are Pacific Gas and Electric (PG&E), Southern California Edison, and San Diego Gas and Electric.
8. Each IOU has a unique, defined geographic service area and is required by law to serve customers in that area.
9. The California Public Utilities Commission (CPUC) regulates the rates charged by IOUs and how they provide electricity service to their customers.

## **Publicly Owned Utilities**

10. Publicly owned electric utilities are public entities that provide electricity service to residents and businesses in their local area.
11. While not regulated by CPUC, publicly owned electric utilities are governed by locally elected boards which set their own terms of service, including the rates charged to their customers.
12. Electricity service is currently provided by local governments through several different governmental structures authorized under state law, including:
  - a. Utility departments of cities, such as the Los Angeles Department of Water and Power.
  - b. Municipal utility districts, such as the Sacramento Municipal Utility District (SMUD).
  - c. Public utility districts, such as the Truckee Donner Public Utility District.
  - d. Irrigation districts, such as the Imperial Irrigation District.

## **Electric Service Providers**

13. The ESPs provide electricity to customers who have chosen not to receive electricity from the IOU or publicly owned utility that would otherwise serve their geographic area.
14. Under this approach, an electricity customer enters into what is termed a “direct access” contract with an ESP that delivers electricity to the customer through the local utility’s transmission and distribution system.

## **Community Choice Aggregation**

15. In addition to the ESP arrangements discussed above, state law allows a city or a county, or a combination of the two, to arrange to provide electricity within their jurisdiction through a contract with an electricity provider other than the IOU that would otherwise serve that local area.
16. This is referred to as “community choice aggregation.” Although only one community choice aggregator (CCA) currently exists to provide electricity in California, several communities are exploring this option.
17. A CCA could get its electricity from an ESP, using the transmission and distribution system of the IOU serving that local area.
18. Electricity customers within that area would automatically get their electricity from the CCA unless they elected to “opt” out of the service from the IOU.

## **Proposals to Create and Expand Public Electricity Providers**

19. In recent years, a limited number of local governments in the state have explored the idea of creating new public providers of electricity or expanding publicly owned utilities into new territory currently served by an IOU.
20. For example, the City and County of San Francisco has considered creating a CCA that would include territory currently served by PG&E.

21. As another example, Yolo County explored having SMUD provide electricity service to territory within the county currently served by PG&E.
22. In some cases, these proposals have been put before the voters for their approval, under provisions of state law discussed below.

### **Voter Approval Requirements for Publicly Owned Electricity Providers**

23. As noted above, publicly owned utilities can be organized under several different types of government structures.
24. Each type of local government entity that is authorized to provide electricity service and that is considering either the start-up of electricity service or the expansion of existing service beyond its current service area is subject to certain state requirements.
25. Under state law, if a local government intends to *expand* its electricity service into a new territory, that new area must be annexed and, in certain cases, a majority of the voters in the area proposed for annexation must approve the expansion.
26. In such cases, however, no vote of the public is generally required within the existing service territory of the local governmental entity that is proposing the expansion. (In some cases, a local commission requires such a vote as a condition of approving the annexation.) In contrast, local agency action to establish a CCA may be undertaken upon a vote of the local agency governing board and does not require local voter approval.
27. According to the Legislative Analysis Office (LAO) the fiscal impact of Proposition 16: Unknown net impact on state and local government costs and revenues—unlikely to be significant in the short run—due to the Proposition’s uncertain effects on public electricity providers and on electricity rates.

### **Arguments in Support**

28. PG&E says a constitutional amendment is needed to protect taxpayers and ratepayers from possible losses incurred by inexperienced local governments entering the risky power wholesaling business.
29. According to former Sacramento County Sheriff, Lou Blanas "As local governments struggle to fund the most essential and basic services, local leaders in several communities are working to spend millions of public dollars or debt to get into the retail electricity business. And they do not want the people to vote on it. In tough times like these, voters deserve a voice in this decision."

### **Arguments in Opposition**

30. According to Mark Toney, Executive Director of The Utility Reform Network (TURN), a nonprofit consumer advocacy group, Proposition 16 takes self-interest in a ballot initiative to a new level, by rewriting the constitution to protect a private corporation from competition from public entities.
31. Elisabeth Brinton, Director of Communications for the Sacramento Municipal Utility District, a public utility, has said that Proposition 16 reduces the ability of people to choose between private

and public utility companies. Holding local elections where people vote on whether to have a private or public utility company would be expensive.

## **Supporting**

Alameda County Taxpayers Association  
Antioch Chamber of Commerce  
Bay Area Business Roundtable  
Brentwood Chamber of Commerce  
California Chamber of Commerce  
California Metals Coalition  
California Taxpayer Protection Committee  
California Taxpayers' Association  
Committee on Jobs  
Contra Costa Taxpayers Association  
Fresno Area Hispanic Chamber of Commerce  
Friends of San Leandro Creek Labor  
Greater Concord Chamber of Commerce  
Hispanic Chamber of Commerce Alameda County  
International Brotherhood of Electrical  
NAACP East County Branch  
Neighborhood Market Association  
Oakland African-American Chamber of Commerce  
Oakland Builders Alliance  
Oakland Chinatown Chamber of Commerce  
Oakland Jobs and Housing Coalition  
Oakland Metropolitan Chamber of  
Pacific Gas & Electric (Sponsor of the Proposition)  
Pleasant Hill Chamber of Commerce  
Pleasanton Chamber of Commerce  
Redwood Empire Business Association  
Roundtable  
San Diego Tax Fighters  
San Leandro African American Business Council  
San Leandro Chamber of Commerce  
San Leandro Industrial & Technology  
South & West Area Business Association  
The Central California Black Chamber of Commerce  
Waste Watchers, Inc.  
Workers, Local 1245

## **Opposing**

The Utility Reform Network (TURN)  
Sacramento Municipal Utility District (All 7 members oppose)  
**(Following individuals sent a letter rejecting PG & E's sponsorship of the measure; urging to rescind the Proposition)**  
State Senator Darrell Steinberg  
State Senator Mark Leno  
State Senator Jenny Oropeza

State Senator Lois Wolk  
State Senator Christine Kehoe  
State Senator Alan Lowenthal  
State Senator Gilbert Cedillo  
State Senator Dean Florez

## **7. Proposition 17: Continuous Coverage Auto Insurance Discount Act**

### **Summary**

1. Proposition 17 amends Proposition 103 (1988) that authorizes the use of an additional discount on premiums for automobile insurance policies.
2. Proposition 17 would allow an insurer to offer a “continuous coverage” discount to new customers who have maintained their coverage while they previously were customers of another insurer.

### **Background**

3. Automobile insurance is one of the major types of insurance purchased by Californian residents.
4. It accounted for about \$19.7 billion (36 percent) of all premiums collected by California insurers in 2008.
5. Among the types of automobile insurance coverage available is bodily injury liability, which provides protection in the event a motorist physically injures someone else.
6. Proposition 103 (1988) requires the Insurance Commissioner to review and approve rate changes for certain types of insurance, including automobile insurance, before changes to the rates can take effect.
7. Proposition 103 also requires that rates and premiums for automobile insurance policies be set by applying the following rating factors in decreasing order of importance:
  - (1) the insured’s driving safety record;
  - (2) the number of miles they drive each year; and
  - (3) the number of years they have been driving.
8. Furthermore, Proposition 103 (1988) contains a provision related to individuals who were previously uninsured.
9. Specifically, Proposition 103 prohibits insurance companies from using the information that an individual did not previously have automobile insurance to determine whether the individual is eligible for coverage or decide the premiums charged for coverage.

### **Insurance Premium Tax**

10. Insurance companies doing business in California currently pay an insurance premium tax instead of the state corporate income tax.

11. The tax is based on the amount of insurance premiums earned in the state each year for automobile insurance as well as for other types of insurance coverage.
12. For example in 2008, insurance companies paid about \$247 million in premium tax revenues on automobile policies in California. These revenues are deposited into the state General Fund.
13. Proposition 17 amends Proposition 103 (1988) to allow an insurance company to offer a “continuous coverage” discount on automobile insurance policies to new customers who switch their coverage from another insurer.
14. If an insurance company chooses to provide such a discount, it must be based on the length of time the customer continuously had bodily injury liability coverage.
15. Customers would generally be eligible for this discount so long as their coverage had not lapsed for more than 90 days in the past five years, except if any lapse was the result of a failure to pay the premium.
16. Also, customers would still be eligible for this kind of discount under the measure if a lapse in coverage was due to military service in another country.
17. Children residing with a parent could qualify for the discount based on their parent’s eligibility.

### **Arguments in Support**

18. Supporters state that Proposition 17 will align California with the vast majority of other states allowing insurers to offer this discount to all drivers who maintain ongoing auto insurance coverage and will also allow consumers to access competitive or lower rates if an insured changes their insurer.

### **Arguments in Opposition**

19. Opponents state that Proposition 17 guts current California law (Proposition 103) which currently prohibits insurance companies from charging customers more just because they didn’t have auto insurance coverage in the past and this unfair practice was common prior to Proposition 103.

### **Supporting**

*(As of 02/23/2010)*

#### **CONSUMERS**

California Alliance for Consumer Protection  
Consumers Coalition of California  
Consumers First

#### **ETHNIC**

Asian Business Association, Los Angeles  
Asian Business Association, San Diego  
Black Business Association, Los Angeles  
California Black Chamber of Commerce  
California Hispanic Chambers of Commerce

California League of United Latin American Citizens  
California Mexican-American Chamber of Commerce  
Gold Coast Hispanic Chamber of Commerce

#### TAXPAYERS

California Taxpayer Protection Committee  
League of Placer County Taxpayers  
Marin United Taxpayers Association  
San Diego Tax Fighters  
Ventura County Taxpayers Association

#### SENIORS

60 Plus Association  
California Senior Advocates League

#### VETERANS

American GI Forum of California  
American GI Forum, Modesto Chapter  
California Republican Veterans of America

#### BUSINESS

Alliance of Insurance Agents and Brokers  
American Association of Business Persons with Disabilities  
Beaumont Chamber of Commerce  
California Chamber of Commerce  
Carpinteria Chamber of Commerce  
Greater Lakewood Chamber of Commerce  
Hollywood Chamber of Commerce  
Independent Broker Network  
Los Angeles County Business Federation  
Mercury Insurance  
Oxnard Chamber of Commerce  
San Diego East County Chamber of Commerce  
Santa Clara Chamber of Commerce  
Small Business Action Committee  
Small Manufacturers Association of California  
Valley Industry and Commerce Association

#### **Opposing**

*(Partial Listing)*

Campaign for Consumer Rights (CCR)  
Consumer Watchdog (Group of Consumer advocates based in Santa Monica)

**Updates:**

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*The following proposed ballot measure was included in the February 2010 Legislative Report. As an update, the measure has not been updated since last report, except receiving its title as noted below. Lastly, information on a new circulation proposed ballot measure is included on Vehicle Licensing Fees (VLFs) as requested.*

**8. State Parks and Wildlife Conservation Trust Fund Act**

**Initiative Statute.**

Circulation Deadline: 05/28/10 | Signatures Required: 433,971

California State Parks Foundation, The Nature Conservancy and Save the Redwoods League have all been identified as early supporters of this proposed measure.

This proposed ballot measure establishes an \$18 annual state vehicle license surcharge and grants free admission to all state parks to surcharged vehicles. It requires deposit of surcharge revenue in a new trust fund and requires that trust funds be used solely to operate, maintain and repair the state park system, and to protect wildlife and natural resources. The proposed ballot measure exempts commercial vehicles, trailers and trailer coaches from the surcharge. Furthermore, it requires annual independent audit and review by citizen's oversight committee.

Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government:

- Increased state revenues of about \$500 million annually from the imposition of a surcharge on the VLF to be used mainly to fund state parks and wildlife conservation programs.
- Potential state savings of up to approximately \$200 million annually to the extent that the VLF surcharge revenues were used to reduce support from the General Fund and other special funds for parks and wildlife conservation programs.
- Reduction of about \$50 million annually in state and local revenues from state park day-use fees. These revenue losses could potentially be offset by increases in other types of state park user fees and revenues.