

IN DEPTH

---

SUPPLEMENTAL ANALYSIS OF  
STATE PROPOSITIONS



GENERAL ELECTION  
NOVEMBER 5, 2024

Issue Date: September 10th, 2024



**Disclaimer:** This document has not been reviewed by the League of Women Voters of California.

★ ★ ★ Contents ★ ★ ★

<b>PROPOSITION 2 - Authorizes Bonds for Public Schools and Community College Facilities</b>	
<i>Legislative Statute</i> .....	3
<b>PROPOSITION 3 - Constitutional Right to Marriage</b>	
<i>Legislative Constitutional Amendment</i> .....	7
<b>PROPOSITION 4 – Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024</b>	
<i>Legislative Statute</i> .....	9
<b>PROPOSITION 5 – Allows local bonds for affordable housing and public infrastructure with 55% voter approval.</b>	
<i>Legislative Constitutional Amendment</i> .....	12
<b>PROPOSITION 6 - Changes Constitutional Provision Allowing Involuntary Servitude for Incarcerated Persons.</b>	
<i>Legislative Constitutional Amendment</i> .....	16
<b>PROPOSITION 32 – Raises Minimum Wage</b>	
<i>Initiative Statute</i> .....	19
<b>PROPOSITION 33 – Justice for Renters Act: Repeals the Costa-Hawkins Rental Housing Act to expand rent control and prohibit the state from limiting city policies on local rent control.</b>	
<i>Initiative Statute</i> .....	24
<b>PROPOSITION 34 – Restricts Spending of Prescription Drug Revenues by Certain Health Care Providers</b>	
<i>Initiative Statute</i> .....	30
<b>PROPOSITION 35 - Provides Permanent Funding for Medi-Cal Health Care Services.</b>	
<i>Initiative Statute</i> .....	33
<b>PROPOSITION 36 - Allows Felony Charges and Increases Sentences for Certain Drug and Theft Crimes.</b>	
<i>Initiative Statute</i> .....	37

## **PROPOSITION 2 - In Depth Supplement**

### **Authorizes Bonds for Public Schools and Community College Facilities**

#### *Legislative Statute*

**THE QUESTION:** Should the state authorize \$10 billion in bonds to build new, or renovate existing, public school and community college facilities?

#### **THE SITUATION**

The state legislature placed Prop 2 on the ballot.

Californians last approved a bond measure to fund public education facilities in 2016 with Proposition 51. This issued \$9 billion in bonds to fund improvement and construction of school facilities for K-12 schools and community colleges.

California has about 10,000 public schools statewide (including about 1,300 charter schools), serving elementary through high school students. Local school districts govern most public schools. California also has 115 local community colleges offering associate degrees and other programs for adults. Local community college districts govern these colleges.

The State and Districts usually split the costs for new facilities and renovation of existing facilities. Districts build new facilities when they have growing enrollment and need more space. They renovate existing facilities when those facilities are old or unsafe.

For public school districts, the state usually pays 50 percent of new construction projects and 60% of renovation project costs. School districts are expected to pay remaining costs using local funds. The state also often shares the cost of new construction and renovation projects with community college districts. Commonly, the state pays about half the cost. The community college districts pay the rest using local funds.

The state normally uses bonds to pay its share of such costs. The state borrows money with bonds and then repays the money, plus interest, over time. A total of \$31.8 billion in voter-approved bonds have been awarded for state facility funding for schools and community colleges over the past 20 years.

School and community college districts usually pay for their share using local bonds. State law limits the amount of local bonds that school and community college districts

may issue. These limits are based on total assessed property values within the applicable district. School districts unable to raise at least \$5 million under these limits may apply for additional state funding.

## **THE PROPOSAL**

If passed, Prop 2 would authorize \$10 billion in state general obligation funds for repair, upgrade, and construction of facilities at K-12 public schools (including charter schools) and community colleges. \$8.5 billion of these funds would be for public schools, including charter schools. This amount could be used toward the replacement of buildings that are at least 75 years old. It also can fund establishment of school-site based infrastructure to provide broadband internet access. For new construction and renovation projects school districts would have to apply for funding and be awarded on a first come, first-serve basis. Charter schools and career technical education facilities would be awarded through a competitive process. A small amount of new construction and renovation funds would be set aside for small school districts.

\$1.5 billion (15%) would be for community colleges but would not be designated for specific projects. Funds may be used for any mix of new buildings, renovations, land purchases, and equipment.

Up to \$115 million in renovation funds may be used for reducing lead levels in water at public school sites. Prop 2 funds may also be used to build a new classroom or renovate an existing classroom that would be used for transitional kindergarten. In some cases, school districts could receive extra renovation funding to expand or build a new gymnasium, multipurpose room, library, or school kitchen.

For school districts that have lower assessed property values and have a higher share of low income, English learners, or foster youth, Prop 2 increases the state's share of new construction costs from 50% to up to 55%. Prop 2 also increases the state's share of renovation project costs from 60% to up to 65% for these school districts. School districts that are unable to raise at least \$15 million (increased from \$5 million) may apply for additional state funding.

## **FISCAL EFFECTS**

The total amount needed to repay the \$10 billion bond is estimated at about \$500 million each year for 35 years. Such payments would be made from the state's General Fund. (The General Fund is the account used by the state for most public services, including education, health care, and prisons.) This annual amount would be less than one-half of 1% of the state's total annual General Fund budget. Including interest costs,

the total cost of the bond would be about 10% more (adjusting for inflation) than if the state paid up front.

The estimated amounts and costs of local funding for school districts and community college districts are unclear. Districts that seek new local bonds would see an increase in their local costs. Districts that borrow less because state funding could pay some district costs would see a decrease in their local costs. It is not possible to estimate the effect on local districts because of the variables within districts and in state funding.

### **SUPPORTERS SAY**

- Prop 2 provides funding for urgent repairs to leaky roofs, deteriorating gas, electrical, and sewer lines, plumbing and restrooms, providing clean drinking water, removing hazardous mold, asbestos and lead paint from schools, and protecting students from extreme heat.
- Prop 2 makes schools more secure by providing door locks, emergency communications and security systems, fire alarms, smoke detectors, and more.
- Prop 2 requires that its funding only be used for projects approved by local school and community college districts, with local community input. All funds will be controlled and spent locally where taxpayers have a voice.
- Prop 2 requires public disclosure of every dollar, tough independent financial audits, and strict limits on administrative and bureaucratic costs.

### **OPPONENTS SAY**

- California already has over a quarter trillion dollars of outstanding and unissued bonds along with unfunded pension liabilities and retiree benefits.
- Prop 2 is another attempt to circumvent California's financial problems by asking taxpayers to approve a \$10 billion bond for education financing that should have been included in this year's \$288 billion budget package.
- Bonds are borrowed money that must be paid back. Prop 2 saddles future generations with debt that will take decades to pay off.
- Rather than spending billions into school construction projects, our state needs a well thought out, long-term solution to achieve a high standard of excellence in reading, writing, and math.

### **SUPPORT**

Yes on Proposition 2, Californians for Quality Schools - [www.yesprop2ca.com](http://www.yesprop2ca.com)

**Supporters of Prop. 2 include:** (Signers of the official arguments are in **bold**)

- **David Goldberg, President, California Teachers Association**

- **Sheri Coburn, Executive Director, *California School Nurses Organization***
- **Larry Galizio, CEO, *Community College League of California***
- **Susan Dixon, State President, *California Retired Teachers Association***
- Yes on Proposition 2, Community College Facility Coalition Issues Committee
- Diana Limon, Director, *International Brotherhood of Electrical Workers Local Union 11*
- *California Federation of Teachers*
- *California Labor Federation*
- *Association of California School Administrators*
- *California Builders Alliance*
- *California Chamber of Commerce*
- *California Retired Teachers Association*
- *Los Angeles Unified School District*

### **Financial Contributions**

- Together committees reported \$1,226,234.29 in contributions. (August 9, 2024)
- Yes on Proposition 2 - *Coalition for Adequate School Housing Issues Committee* (\$1,109,184)
- Yes on Proposition 2 - *Community College Facility Coalition Issues Committee* (\$117,050)

### **OPPOSITION**

**Opponents of Prop. 2 include:** (Signers of the official arguments are in **bold**)

- **Assemblyman Bill Essayli**
- **Jon Coupal, President, *Howard Jarvis Taxpayers Association***

There were no financial contributions in opposition reported as of August 9, 2024.

## **PROPOSITION 3 - In Depth Supplement**

### **Constitutional Right to Marriage**

#### *Legislative Constitutional Amendment*

**THE QUESTION:** Should the California Constitution be amended to define marriage as a fundamental right for all, in accordance with the law?

#### **THE SITUATION**

Californians have the civil right to marry regardless of gender or race. However, the state Constitution contains an outdated and unenforceable provision stating “Only marriage between a man and a woman is valid or recognized in California.”

#### **THE PROPOSAL**

This amendment would repeal the outdated language and amend the state Constitution to read: “the right to marry is a fundamental right” as furthering the rights to enjoy life, liberty, safety, happiness and privacy, and the rights to due process and equal protection.

The legislature placed this measure on the ballot to bring the California Constitution in line with existing law that gives same-sex couples the right to marry, as set forth by the United States Supreme Court in *Obergefell v Hodges* and the federal Respect for Marriage Act.

#### **FISCAL EFFECTS**

No changes in revenues or costs are estimated for state or local governments.

#### **SUPPORTERS SAY:**

- There is no guarantee that marriage equality will remain the law.
- Prop 3 proactively protects against future attempts to restrict marriage rights for same-sex or inter-racial couples.
- Prop 3 aligns the state Constitution with the law as it is today and reaffirms the freedom to marry as a fundamental right.
- Prop 3 does not change any laws regarding age requirements, the number of people in a marriage, or existing rights of clergy to refuse to perform a marriage.

#### **OPPONENTS SAY:**

- Because same-sex marriage is already legal, Prop 3 fixes a problem that does not exist.
- Prop 3's language is unclear and eliminates all rules for marriage.
- Prop 3 centers family life around the desires of adults rather than the rights of children, who do best when raised by a married mother and father in a traditional family structure.
- Without safeguards such as age, genetic relationship and the number of participants, Prop 3 opens the door to child marriage, incest and polygamy.

## **SUPPORT**

Yes on Prop 3 - Equality California - [www.yesonprop3ca.com](http://www.yesonprop3ca.com)

**Supporters of Prop. 3 include:** (Signers of official arguments are in **bold**.)

- **Yes on Prop 3, *Equality California***

## **OPPOSITION**

**Opponents of Prop. 3 include:** (Signers of official arguments are in **bold**.)

- **Jonathan Keller, President, *California Family Council***



## **PROPOSITION 4 – In Depth Supplement**

### **Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024**

#### *Legislative Statute*

#### **THE SITUATION:**

According to a recent poll by the Public Policy Institute of California, most Californians say climate change is a serious threat to their quality of life and California's future economy, and they believe climate change has contributed to the state's extreme weather events. California has long been a leader on environmental issues, and voters have supported legislative efforts to protect the environment and combat climate change. Over the past decade, the state has spent an average of about \$13 billion a year on natural resource and climate activities, and about 15% of that funding has come from bonds. Government agencies work directly to fund natural resource and climate projects, but the state also provides funds or grants to local governments, non-profits, and businesses for these activities. Local governments may also help pay for water and energy infrastructure, and the federal government provides some funds to improve drinking water.

In 2022, Governor Newsom announced plans to invest \$54 billion dollars from the state's general fund into the "California Climate Commitment", a group of initiatives designed to "cut pollution, deploy clean energy and new technologies, and protect Californians from harmful oil drilling". Due to a projected state deficit, however, cuts to the budget decreased initial proposed funding by about \$9.4 billion, and some of the proposed initiatives, such as the Clean Cars 4 All program, will be now delayed. These cuts may also affect the state's mandated goal of reducing California's greenhouse gasses emissions to 40% of 1990 levels by 2030.

#### **THE PROPOSAL:**

The majority of funds from previous water and natural resource bonds are committed at this point, so in order to continue making progress on the state's climate and natural resource commitments, the Senate and the Assembly approved Senate bill 867 on July 3, 2024 and submitted it to the Secretary of State as a proposition for the November 2024 ballot. The final bill also contained an urgency clause, declaring that the proposition will take effect immediately if approved by the voters.

If approved, Proposition 4 would authorize the issuance of \$10 billion in general obligation(GO) bonds to fund projects to reduce fire risk and restore damaged areas; restore and protect impacted wetlands, watersheds, waterways, coastal resources, and fish and wildlife populations; reduce impacts on vulnerable populations; and improve the resiliency of the state's water supplies and agricultural lands. The funds would be allocated as follows:

- \$3.8 billion for safe drinking water, and for drought, flood, and water resilience programs
- \$1.5 billion for wildfire and forest resilience programs
- \$1.2 billion for coastal resilience programs
- \$450 million for extreme heat mitigation programs
- \$1.2 billion for biodiversity protection and nature-based climate solution programs
- \$300 million for climate-smart, sustainable, and resilient farms, ranches, and working lands programs
- \$700 million for park creation and outdoor access programs
- \$850 million for clean air programs

The language of the proposition requires that at least 40% of the money goes to projects that aid vulnerable populations or disadvantaged communities, where the median household income is less than 80% of the area average or less than 80% of the statewide median. (This requirement of the bill was modeled on the Justice 40 initiative adopted by the U.S. government during the Biden administration.)

A Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Finance Committee will be created to oversee the issuance and selling of the bonds. Members will include the State Director of Finance, the Treasurer, the Controller, the Secretary of the Natural Resources Agency, and the Secretary for Environmental Protection. The Natural Resources Agency will be required to publish a list of funded projects on a public website. Up to 7% of the grant programs funded by these bonds can be used for administrative costs.

### **BACKGROUND ON BONDS**

Bond financing is a type of long-term borrowing the state uses to raise money for various purposes. The state obtains this money by selling bonds to investors. In exchange, it agrees to repay this money, with interest, according to a specified schedule. The California Constitution requires that GO bonds be approved by a 2/3 vote in each house of the legislature and also by the majority of voters. The California Constitution also sets repayment of GO debt before all other obligations of the state except those for the public school system and public institutions of higher education.

### **FISCAL EFFECTS**

Initial estimates are that it would cost the state \$400 million a year for the next 40 years to repay the bond. Because the bond funds would pay for projects that reduce the amount of damage from disasters, the state could lessen future expenses responding to and recovering from those events, however the amount of such potential savings is uncertain. The effect on the debt service ratio, which is the percentage of the general fund that must go to pay down debt and which affects the state's credit rating, is as of yet unknown.

### **SUPPORTERS SAY:**

- According to California's 4<sup>th</sup> Climate Assessment, the cost of climate change to California could be more than \$113 billion annually. Prop 4 funds will provide the necessary investment to help our state become more resilient to climate change.
- California is already paying a price for failing to prepare for drought and climate change. Prop 4 helps us shift from disaster response to disaster prevention.
- Prop 4 makes efficient, sensible investments in proven solutions.

#### OPPONENTS SAY:

- Clean drinking water and wildfire prevention are necessary. But these goals should be funded within our current state budget. Taxpayers should not be asked for \$10 billion more in the form of a bond that will cost nearly double to repay.
- Prop 4 provides funding for unproven technologies with no real evidence of success.
- Prop 4 lacks fiscal accountability and specific standards for measuring success.

#### SUPPORT

Yes on Prop 4 - Californians for Safe Drinking Water and Wildfire Prevention - [www.yesonprop4ca.com](http://www.yesonprop4ca.com)

**Supporters of Prop. 4 include:** (Signers of official arguments are in **bold**.)

- **Yes on Prop 4, Californians for Safe Drinking Water and Wildfire Prevention**
- Jennifer Clary, State Director, *Clean Water Action* (<https://cleanwater.org/>)
- Tim Edwards, President, *CALFIRE Firefighters* (<https://calfirelocal2881.org/>)
- Beth Pratt, California Regional Executive Director, *National Wildlife Federation* (<https://www.nwf.org/>)

#### OPPOSITION

**Opponents of Prop. 4 include:** (Signers of official arguments are in **bold**.)

- Jon Coupal, President, ***The Howard Jarvis Taxpayers Association*** (<https://www.hjta.org/>)
- State Minority Leader Brian W. Jones
- Assemblyman Jim Patterson

## **PROPOSITION 5 – In Depth Supplement**

### **Allows local bonds for affordable housing and public infrastructure with 55% voter approval.**

*Legislative Constitutional Amendment*

#### **THE SITUATION:**

Proposition 5 would allow local bond measures to fund housing for low- and middle-income Californians, or for public infrastructure including roads, water, and fire protection, to be approved by 55% of voters, rather than the current two-thirds approval requirement. The bonds must include specified accountability requirements, including a citizen's oversight committee and annual independent financial and performance audits.

Proposition 5 would also allow local governments to assess property taxes above 1% assessed value to repay the bonds.

Prop 5 was put onto the ballot by the State Legislature.

#### **BACKGROUND:**

##### **Prop. 13**

In 1978 California voters passed Proposition 13. It amended the state constitution to:

- Decrease property taxes by limiting the rate of taxation to 1% of the assessed value of the property.
- Require a two-thirds majority in local elections for local governments wishing to increase special taxes. (A "special tax" is a tax devoted specifically to a purpose: e.g. homelessness or road repair; money that does not go into a general fund.)<sup>1</sup>

Although there have been numerous modifications to Prop 13 over the years, these two provisions still stand.

##### **Bonds**

Bonds are a form of long-term borrowing governments use to raise money for infrastructure projects. The government sells bonds to investors and agrees to repay the investors, with interest, according to a specified schedule. Bonds sold by local governments are repaid from local property tax revenue.

---

<sup>1</sup> Wikipedia

Bonds are generally paid off over thirty years and the ultimate cost of the bonds is about double the original sales price. For example, if voters pass a bond measure for \$5M, the local government will spend about \$10M to repay the bonds over their lifetime.

### **Housing in California**

A typical California home currently costs around twice the national average and renters typically pay more for housing than in other states. There are some government housing programs to assist specific groups (such as people with disabilities, low-income families or the chronically homeless), but overall, there is still a massive shortage of affordable housing in California.

### **Infrastructure**

Examples of infrastructure projects paid for by local governments include roads, hospitals, fire stations, libraries and water treatment facilities. Much of California's infrastructure is aging and in critical need of repair and/or update.

## **THE PROPOSAL**

This constitutional amendment would lower the vote requirement from two-thirds to 55% for local jurisdictions to issue bonds for affordable housing and public infrastructure projects.

### *Definition of Affordable Housing*

Proposition 5 defines affordable housing as "housing developments, or portions of housing developments, that are affordable to individuals, families, seniors, people with disabilities, veterans, or first-time homebuyers, who are lower income households or middle-income households earning up to 150 percent of countywide median income." Affordable housing would also include downpayment assistance programs, first-time homebuyer programs, permanent supportive housing, and facilities used to serve residents of affordable housing.<sup>2</sup>

### *Definition of Public Infrastructure*

Public infrastructure projects would include water quality, sanitation, treatment of wastewater, protection of property from sea level rise, parks and recreation facilities, flood control, streets, highways, broadband internet access, local hospital construction, public safety buildings, and public libraries.<sup>2</sup>

### **Other Provisions of Prop 5**

- It allows local governments to tax properties at greater than the limit of 1% of assessed value as dictated by Proposition 13.

---

<sup>2</sup> [Ballotpedia](#) - definition of affordable housing and public infrastructure in next section

- It requires that bond measures contain provisions for an annual audit to ensure that funds are being used according to their intended purposes. The results would have to be made public.
- It prohibits revenue from bonds approved by 55% from being used for government salaries or operating expenses. Administrative costs would be capped at 5% of the proceeds.
- It prohibits any local official involved in placing the bond measure on the ballot from bidding on work funded by the bonds.
- It would apply to any local bond measure on the November 2024 ballot.
- It prohibits local governments from using the money to buy up existing single-family homes to convert them into affordable units.<sup>3</sup>

## **FISCAL EFFECTS**

The Legislative Analyst's office says that a lower voter approval requirement would result in an estimated additional 20-50% of local bond measures being passed. This is based on results from previous elections where the YES vote was greater than 55% but still less than the required two-thirds. Those measures would have raised a couple billion dollars over their lifetimes.

A lower threshold for approval might encourage local governments to put more bond measures on the ballot. If passed, property taxes would increase to cover the cost of repaying the bonds.

The amount of increased funding for housing and infrastructure is not clear. The ultimate fiscal result rests in the hands of local governments and voters.

## **SUPPORTERS SAY:**

- Prop 5 gives local jurisdictions more control over their own affordable housing and infrastructure needs.
- Prop 5 shifts decisions away from the state government, which has been too slow and unable to address the critical needs of individual communities.
- Prop 5 does not raise taxes. It just gives voters more power to address the unique needs of their communities.
- Prop 5 has accountability, transparency and oversight features to ensure that the programs being funded truly deliver results.

## **OPPONENTS' ARGUMENTS**

---

<sup>3</sup> Calmatters

- Prop 5 makes it easier for cities, counties and special districts to increase property taxes to pay for California's already massive debt levels.
- Prop 5 allows state politicians to cover up their mess by shifting the cost of programs to local taxpayers.
- Prop 5's definition of infrastructure is too broad.
- Prop 5 will make everything in California more expensive, thereby worsening our already high cost of living.

## **SUPPORT**

Yes on Prop 5 - Californians for Safe Affordable Communities - [www.yesonprop5.org](http://www.yesonprop5.org)

**Supporters of Prop. 5 include:** (Signers of official arguments are in **bold**.)

- **Yes on Prop. 5, Californians for Safe Affordable Communities**
- *California Professional Firefighters*
- *League of Women Voters of California*
- *California Labor Federation*
- *California Democratic Party*

As of 8/7/2024 no financial contributions in favor of Prop 5 have been reported.

## **OPPOSITION**

**Opponents of Prop. 5 include:** (Signers of official arguments are in **bold**.)

- California Association of Realtors
- Howard Jarvis Taxpayers Association
- California Chamber of Commerce
- California Republican Party

As of 8/7/2024 \$27M has been donated in opposition to Prop 5 by the California Association of Realtors.

# PROPOSITION 6 - In Depth Supplement

## Changes Constitutional Provision Allowing Involuntary Servitude for Incarcerated Persons.

### *Legislative Constitutional Amendment*

#### **THE SITUATION:**

This constitutional amendment was placed on the ballot by state legislators to amend the California Constitution to make involuntary servitude unconstitutional, even in prison. It removes the current constitutional provision allowing jails and prisons to force incarcerated persons to work or face punishment.

#### **BACKGROUND**

***“Involuntary Servitude” Banned Except as a Punishment for Crime.*** The California Constitution bans involuntary servitude except as a punishment for crime. The Constitution does not define involuntary servitude. However, involuntary servitude commonly refers to forcing people to work against their will.

***Some People in State Prison and County Jail Work.*** People in prison and jail can be required to work or do other activities such as taking classes. Work includes jobs like cooking, cleaning, or other tasks needed to run prisons and jails. Roughly one-third of people in prison work. Many of these workers are paid less than \$1 per hour. Workers can also earn “time credits” that reduce the amount of time they serve in prison or jail. People who refuse to work or do other activities can face consequences such as losing the ability to make regular phone calls.

***Other States:*** In 2022, voters in five states – [Alabama](#), [Louisiana](#), [Oregon](#), [Tennessee](#), and [Vermont](#) – voted on ballot measures to repeal language from their state constitutions that allows for enslavement or servitude as punishments for crimes or, in Vermont, for the payment of debts, damages, or fines. On November 8, 2022, voters in Alabama, Oregon, Tennessee, and Vermont approved measures to amend language in state constitutions regarding slavery as punishment for a crime. Voters in Louisiana rejected a measure to amend language in their state constitution regarding slavery as punishment for a crime.

***Federal:*** [The Thirteenth Amendment](#) of the [U.S. Constitution](#) was ratified on December 6, 1865. The Thirteenth Amendment prohibited slavery and involuntary servitude, except as a punishment for those convicted of crimes.



## PROPOSAL

***This Prop Bans Involuntary Servitude as a Punishment for Crime.*** Proposition 6 changes the California Constitution to ban involuntary servitude as a punishment for crime. It also bans state prisons from disciplining people who refuse to work. However, Proposition 6 states it does not stop prisons from giving people time credits for working.

## FISCAL EFFECTS

***Potential Increase or Decrease in State and Local Criminal Justice Costs.*** The fiscal effects of Proposition 6 on state and local criminal justice costs are uncertain. This is because it would depend on how Proposition 6 would change rules around work for people in state prison and county jail and how people would respond to those changes. For example, if people in prison and jail no longer face consequences for refusing to work, prisons and/or jails might have to find other ways to encourage working. If this is done by increasing pay, costs would increase. If this is done by giving more time credits instead, costs would decrease because people would serve less time.

**Any potential increase or decrease in state and local criminal justice costs likely would not exceed tens of millions of dollars annually.** This amount is less than one-half of 1 percent of the state's total General Fund budget. (The General Fund is the account the state uses to pay for most public services, including education, health care, and prisons.)

## SUPPORTERS SAY:

- Involuntary servitude is an extension of slavery. There's no room for slavery in our constitution, which should reflect our values in 2023.
- Proposition 6 prioritizes rehabilitation for incarcerated people. Incarcerated people should be able to choose jobs and shifts that allow them to continue their education, use the law library, get counseling, and participate in other rehabilitative programs that facilitate growth and transformation.
- More than 94,000 Californians are currently enslaved in state prisons. African Americans account for 28% of the prison population despite making up less than 6% of California's overall population.
- Although no courts explicitly order forced labor as a part of criminal sentencing, it's standard practice to force incarcerated people to perform labor.

## SUPPORT

**Supporters of Prop. 6 include:** (Signers of official arguments are in **bold**.)

- **Esteban Nunez, *Anti-Recidivism Coalition***
- Officials:
  - State Sen. [Steven Bradford](#) (D)

- State Sen. [Lola Smallwood-Cuevas](#) (D)
  - State Asm. [Lori Wilson](#) (D)
- Unions:
  - *California Labor Federation*
- Organizations:
  - *ACLU of California*
  - *Abolish Slavery National Network*

## **OPPOSITION**

None

# PROPOSITION 32 – In Depth Supplement

## Raises Minimum Wage

### *Initiative Statute*

#### **INTRODUCTION:**

Proposition 32 aims to increase California's minimum wage to \$18 an hour starting January 1, 2026. This initiative was submitted in late 2021, by an entrepreneur and anti-poverty advocate who invested \$10 million in a signature drive to get it on the ballot for the 2022 election. Due to delays in signature verification, it missed that election and will now be on the 2024 ballot.

#### **BACKGROUND**

In 2016, California's legislature passed a bill to incrementally raise the state minimum wage to \$15 an hour with yearly adjustments based on inflation. As a result, the current minimum wage in California is \$16 an hour. California has the third-highest minimum wage in the US, following the District of Columbia and Washington State, and also the third-highest cost of living after Massachusetts and Hawaii. According to the MIT Living Wage Calculator, a single adult without dependents in California needs \$27.32 an hour to meet basic needs.

Raising the minimum wage affects the economy in many ways based on factors such as:

- Size of the wage increase
- Timeline for the increase
- Ability of employers to substitute technology or capital for labor
- Whether the impact is evaluated over the short term or long term

Modest wage increases, difficulty in substituting labor, and shorter time frames tend to drive benefits for low-income workers more clearly. There is debate among economists regarding whether other measures – such as earned income tax credits – might better support low-wage workers.

The California Legislative Analyst's Office (LAO) predicts raising the minimum wage to \$18 an hour will result in higher wages for workers, slight price increases (less than 0.5%), lower business profits, and an uncertain impact on job numbers, which could slightly increase or decrease.

#### **THE SITUATION**

Some groups of California workers already have higher minimum wages than the current statewide rate of \$16 an hour or the \$18 an hour wage proposed in Prop 32. For example, fast-food workers in California recently saw their minimum wage increase to \$20 an hour, and healthcare workers' minimum wage increased to \$25 an hour (although this increase is temporarily on hold pending budget considerations). Additionally, many California cities have their own minimum wages exceeding \$16 an hour, with some exceeding \$18 an hour.

## **PROPOSAL**

Prop 32 proposes an incremental increase in the state-wide minimum wage from \$16 to \$18 an hour by January 1, 2026. Without Proposition 32, the minimum wage would be about \$17 an hour in 2026.

The minimum wage increase would happen faster for larger employers. By 2025, employers with 26 or more employees would need to pay \$18 an hour, while smaller employers (25 or fewer employees) would pay \$17 an hour in 2025 and \$18 an hour in 2026.

Inflation adjustments to the minimum wage would pause temporarily during the wage increases in 2025 and 2026 but would resume in 2027. The Governor could delay wage increases in 2025 and 2026 but not the subsequent inflation-based adjustments.

## **FISCAL EFFECTS**

Increasing the minimum wage will have a number of fiscal impacts:

- Workers will earn higher wages.
- Business costs will increase, potentially leading to higher prices for products and services. For example, when food service workers' minimum wages were increased to \$20 an hour in April 2024, some restaurant chains raised prices by 7-8%. However, the LAO predicts the statewide increase to \$18 an hour in 2026 will result in less than a 0.5% increase in prices.
- A higher minimum wage could affect job availability. The LAO predicts job losses or gains would likely be less than 0.25% with Proposition 32, depending on employers' dominance in local job markets and their ability to set wages.
- State and local governments will pay higher wages, increasing spending by a few billion dollars each year. However, employees with higher wages may no longer qualify for government assistance programs, such as Medi-Cal, potentially saving the state hundreds of millions to over a billion dollars annually.
- The impact on state finances will be relatively small, with spending changes unlikely to exceed 0.5% of the state's total General Fund.

- Business owners will see reduced profits and pay less tax. The LAO predicts a decrease in tax revenue by a few hundred million dollars each year out of an overall revenue collection of about \$200 billion.

#### **SUPPORTERS SAY:**

- Proposition 32 will improve living standards for millions of workers in California, ultimately benefiting approximately 2 million people.
- Many full-time workers can't afford the cost of living in California; even single people without dependents struggle to make ends meet.
- It promotes economic fairness – corporate profits in California have more than doubled since 2002, but worker pay has not kept pace.
- Since women predominate in minimum wage jobs, Prop 32 will help close the gender pay gap and move them towards parity with male workers.

#### **OPPONENTS SAY:**

- California already has a budget shortfall, and the costs from Proposition 32 will make balancing the state budget harder, potentially leading to higher taxes or cuts in state programs.
- Increased costs will make living in California even more expensive and may lead to job losses, especially in minimum wage jobs held by teens and new workers.
- Small businesses, lacking the cash reserves of larger businesses, are especially vulnerable and may be forced to close.
- The proposition is largely funded by one wealthy individual, who spent over \$10 million on it.

#### **SUPPORT**

Yes on California Living Wage Act - Joe Sandberg - [www.livingwageact.com](http://www.livingwageact.com)

**Supporters of Prop. 32 include:** (Signers of the official arguments are in **bold**.)

- **Joe Sandberg, investor who filed the initiative, Yes on California Living Wage Act**
- *Working Hero Action for a Living Wage*
- *One Fair Wage*
- *Unite Here Local 11*
- *Living Wage Act*
- Nanette Barragan, U.S. House of Representatives

#### **OPPOSITION**

**Opponents of Prop. 32 include:** (Signers of the official arguments are in **bold**.)

- **Californians Against Job Losses and Higher Prices**
  - *California Restaurant Association*
  - *California Chamber of Commerce*
  - *California Grocers Association*
- 

'Building Prosperity: Fair Corporate Taxes, Strong Communities', California Budget and Policy Center

<<https://calbudgetcenter.org/resources/building-prosperity-fair-corporate-taxes-strong-communities/>> [accessed 7 August 2024]

'California Bill Enacted to Increase Minimum Wage Gradually to \$15'

<<https://taxnews.ey.com/news/2016-0629-california-bill-enacted-to-increase-minimum-wage-gradually-to-15>> [accessed 7 August 2024]

'California City & State Minimum Wages', California Payroll

<<https://californiapayroll.com/california-minimum-wage/>> [accessed 7 August 2024]

'California Loses Nearly 10,000 Fast-Food Jobs After \$20 Minimum Wage Signed Last Fall', Hoover Institution

<<https://www.hoover.org/research/california-loses-nearly-10000-fast-food-jobs-after-20-minimum-wage-signed-last-fall>> [accessed 7 August 2024]

'California Proposition 32, \$18 Minimum Wage Initiative (2024)', Ballotpedia

<[https://ballotpedia.org/California\\_Proposition\\_32,\\_\\$18\\_Minimum\\_Wage\\_Initiative\\_\(2024\)](https://ballotpedia.org/California_Proposition_32,_$18_Minimum_Wage_Initiative_(2024))> [accessed 7 August 2024]

'Campaign to Raise the State Minimum Wage -'

<<https://www.livingwage-sf.org/raising-wages/campaign-to-raise-the-state-minimum-wage-2/>> [accessed 7 August 2024]

Enforcement, Division of Labor Standards, and State of California, 'Minimum Wage'

<[https://www.dir.ca.gov/dlse/minimum\\_wage.htm](https://www.dir.ca.gov/dlse/minimum_wage.htm)> [accessed 7 August 2024]

Ibarra, Ana B., 'California Proposition 32: Raise the Minimum Wage', CalMatters, 31 July 2024

<<http://calmatters.org/california-voter-guide-2024/propositions/prop-32-minimum-wage/>> [accessed 7 August 2024]

———, 'California's New Health Care Minimum Wage Is Changing. Here Are Answers to Your Questions', CalMatters, 20 June 2024, section Health

<<http://calmatters.org/health/2024/06/health-care-minimum-wage/>> [accessed 7 August 2024]

Jeong, Helen, and Amber Frias • •, 'California Fast Food Now More Expensive since Minimum Wage Hike', NBC Los Angeles, 2024

<<https://www.nbclosangeles.com/news/local/california-fast-food-prices-are-up-as-much-as-8-since-minimum-wage-hike/3392122/>> [accessed 7 August 2024]

'Living Wage Calculator - Living Wage Calculation for California'

<<https://livingwage.mit.edu/states/06>> [accessed 7 August 2024]

'Proposition 32 [Ballot]'

<<https://lao.ca.gov/BallotAnalysis/Proposition?number=32&year=2024>> [accessed 7 August 2024]

White, Jeremy B., 'How California Made the Minimum Wage Obsolete', POLITICO, 2024 <<https://www.politico.com/news/2024/04/12/minimum-wage-california-00151870>> [accessed 7 August 2024]

'Why Raising the Minimum Wage Has Short-Term Benefits but Long-Term Costs', Knowledge at Wharton

<<https://knowledge.wharton.upenn.edu/article/why-raising-the-minimum-wage-has-short-term-benefits-but-long-term-costs/>> [accessed 6 August 2024]

'Your Guide to Proposition 32: An \$18 Hourly Minimum Wage for All Californians', Los Angeles Times, 2024

<<https://www.latimes.com/california/story/2024-07-05/2024-california-election-proposition-32-minimum-wage-increase-voter-guide>> [accessed 7 August 2024]

# **PROPOSITION 33 – In Depth Supplement**

## **Justice for Renters Act**

**Repeals the Costa-Hawkins Rental Housing Act to expand rent control and prohibit the state from limiting city policies on local rent control.**

*Initiative Statute*

### **INTRODUCTION**

A severe shortage of housing in California is driving high rents. Several policy attempts to help renters have been made at the state and local level. However, the Costa-Hawkins Rental Housing Act of 1995 severely limits rent control. Prop 33 would give local governments more leeway around rent control. Prop 33 is on the ballot via signatures gathered by Justice for Renters, a group sponsored by the AIDS Healthcare Foundation. This is the third time AIDS Healthcare Foundation has put a proposition on rent control in front of the voters.

### **BACKGROUND**

Proposition 33 is not the only attempt to repeal Costa-Hawkins and re-establish local governments' power to enact rent control. In 2018, Prop 10 aimed to repeal Costa-Hawkins by letting local governments pass rent control legislation. In 2020, Prop 21 would have let city governments pass rent control caps on rental housing more than 15 years old. Neither proposition received enough votes to become law.

### **THE SITUATION**

During the 1950s and 1960s, California's housing market boomed due to population growth and a stable post-World War II economy. Housing construction increased while rents stayed relatively constant.

During the 1970s and 1980s, California saw a significant slowdown in construction of rental housing units in its cities, even as its population grew rapidly. High rates of inflation added to the slowdown in construction. The result was that rental housing became far more expensive. In response, many cities set limits on how much landlords could increase rents from year to year. These rent control policies helped ease the burden on tenants of high rental costs.

Opposition to rent control laws arose among landlords, who wanted to be sure rents would generate enough money to maintain and properly run their rental units. This



movement led to passage of legislation that evolved into the Costa-Hawkins Rental Housing Act of 1995 (Costa-Hawkins). Costa-Hawkins halted the tenants' movement, giving landlords more control of rental rates for new buildings entering the market after 1995. (For most landlords NOT covered by Costa-Hawkins, California limits rent increases to 5% plus inflation, up to a total of 10% a year).

Costa-Hawkins limits local governments' authority to enact rent control laws in these three ways:

- No rent control laws for single-family homes
- No rent control laws for any housing built after 1995
- No laws to control what landlords can charge a new renter

Prop 33 would end these three limitations and allow local governments to implement rent control policies to make rental housing more affordable.

Rent control laws that limit rent increases are different from tenant protection laws. Tenant protection laws cover policies like making it illegal to evict a tenant for no reason. Other non-rent-control programs and policies intended to ease the affordable housing crisis include:

- Permanent supportive housing
- Rent subsidies
- Rezoning to allow for higher density housing
- Streamlining approval processes to speed up housing construction, and more

## **PROPOSAL**

Proposition 33 would in effect repeal the Costa-Hawkins Rental Housing Act and give local governments the leeway to enact rent control laws to combat the housing crisis. Prop 33 would essentially move authority over rent control from state government to local governments. The proposition's impact depends entirely on what happens at the local level. For example, local governments could:

- Cap rental prices on any kind of property, including single family homes
- Prevent landlords from drastically increasing rental prices every year
- Limit rent increases for new tenants

Proposition 33's focus on the needs of renters in the state will temporarily stabilize the rental market and help renters keep their homes. However, some research suggests Prop 33 could have the following unintended consequences:

- It could increase rents for tenants who are in properties not covered by the proposition
- It could disincentivize construction of new rental housing over the long term, which in turn might raise rents and worsen the housing crisis.

## **FISCAL EFFECTS**

The fiscal effects of Proposition 33 largely depend on what kind of rent control laws are passed by local governments and how many properties are covered by these new laws. The specifics would be determined by local governments and voters.

Fiscal effects on renters could include the following:

- Caps on rent increases, which could keep more tenants housed and discourage gentrification.
- Rent price stabilization for local residents most hurt by the high cost of rent, such as students, seniors, families, and anyone with a lower or fixed income.
- Local disparities in rental prices -- tenants covered by rent control laws may pay less rent, with the result that tenants not covered by rent control laws may see higher rent increases.

Fiscal effects on landlords could include the following:

- A decline in the value of their rental properties overall, since potential buyers may not want to pay as much for rent-controlled properties.
- A slowdown in construction of new housing units -- since it would not be as profitable for developers -- even as demand for housing continues to grow, which could eventually force rents higher.
- In a scenario where housing maintenance and insurance costs continue to increase but rents are controlled, small landlords and business owners could be forced to sell off their rental units to survive.
- Landlords may be forced to convert some kinds of rental housing (such as condominiums) into housing for sale, thereby reducing the overall supply of rental housing.
- Over time, a decrease in rental units and subsequent increases in rents could push long-term renters out in favor of wealthier tenants who can afford the housing, leading to gentrification.

Fiscal effects on communities in general could include the following:

- **Local property tax revenues could decline.** As the value of rental properties decline so would the amount of property taxes paid by landlords. This would

reduce revenues for cities, counties, special districts and schools. According to the Legislative Analyst Office, "...with time, these property tax reductions likely would be at least tens of millions of dollars each year (annually). This is less than one-half of 1 percent of all property tax revenue. About half of the reduction would be property tax revenues that would have gone to schools. In some years, the state might give more money to schools to cover their losses."

- **Local government costs could increase**, since they carry the burden of implementing and enforcing any new rent control laws. According to the Legislative Analyst Office, "These costs could range from a few million dollars to tens of millions of dollars annually. These costs likely would be paid by fees on landlords."

### **SUPPORTERS SAY:**

- More than half of all Californians spend more than 30% of their income on rent. As rents are increasing, salaries are not, making cities unaffordable for anyone to live. Supporters argue that rent control policies will help keep rental costs constant across the state, making apartments more affordable and ensuring that people won't be evicted.
- Supporters argue that the dramatic increase in rent prices across the state is destroying the opportunities of Californians. The high rents faced by tenants are causing many to leave the state. In fact, in the last five years 1 million people left California. As many young people leave the state, the \$68 billion deficit will significantly worsen. Therefore, rent control is needed to limit the expenses of tenants and prevent them from having to leave the state.
- Supporters of rent control argue that it is a much needed but temporary fix until more affordable housing enters the market. The long term solution to rent control is to build affordable housing for tenants. But, they argue that in the short term, policies that expand rent control are important to keep tenants from becoming homeless.

### **OPPONENTS SAY:**

- Opponents argue that Proposition 33 should not be supported, because it would only worsen the problem that it is intended to fix. It would reduce construction of new rental units, which would increase competition between potential tenants to find good, affordable housing. In turn, this would cause costs for rental units and homes to increase even more.
- Proposition 33 would also overturn more than 100 current state housing laws, including laws that make it simpler to construct cheaper housing while protecting tenants from evictions. In addition, it would prevent the Attorney General from enforcing these laws.

- Proposition 33 distracts from the problem of the necessity for affordable housing across the state.
- Proposition 33 would remove homeowner protections, subjecting tenants to strict regulations and allowing landlords to take control of rent prices for rental units and single-family homes.
- MIT researchers found that rent control measures similar to Proposition 33 reduce home values by about 25%, threatening the savings and home value of tenants.
- Opponents say that Proposition 33 would hit seniors, veterans and disabled people the most hard, as they would lose any protections as renters and be in danger of eviction if they can't pay their rent.
- Opponents point out that the proposition is funded by the AIDS Healthcare Foundation (AHF), and make the following claims:
  - AHF frequently sponsors ballot measures
  - AHF has been a controversial housing and healthcare provider for AIDS patients
  - AHF's CEO, Michael Weinstein is a controversial landlord who has been accused of misusing the organization's funds.
  - Some tenants of rental homes built by AHF live in neglected houses that violate health and safety rules
  - Weinstein is advocating for Prop 33 for his own political gain

## SUPPORT

**Supporters of Prop. 33 include:** (Signers of the official arguments are in **bold**.)

- **Basil Kimbrew, Executive Director of *Veterans' Voices***
- **Pauline Brooks, Board President of the *California Alliance for Retired Americans***
- **William Arroyo, Board President of the *AIDS Healthcare Foundation / Housing is a Human Right***
- *AIDS Healthcare Foundation*
- *California Nurses Association*
- *ACLU SoCal*
- *Veterans' Voices*
- *CHIRLA (Coalition for Humane Immigrant Rights of Los Angeles)*
- *Housing is a Human Right*
- *UTLA (United Teachers Los Angeles)*
- *UNITE HERE! Local 11*
- *California Democratic Party*

- *Affordable Housing Alliance*
- *California Working Families Party*

## **OPPOSITION**

**Opponents of Prop. 33 include:** (Signers of the official arguments are in **bold**.)

- **Ken Rosen, Economics Professor Emeritus at UC Berkeley**
- **Jenna Abbott, Executive Director of the *California Council for Affordable Housing***
- **Kendra Moss, Advisory Member for the *Women Veterans Alliance***
- California Small Business Association
- California Senior Alliance
- California Council of Carpenters
- California YIMBY
- California Chamber of Commerce
- Senate President Pro Tem Emeritus Toni Atkins
- Democratic Assemblymember Buffy Wicks
- Marine Corp Veterans Association

# **PROPOSITION 34 – In Depth Supplement**

## **Restricts Spending of Prescription Drug Revenues by Certain Health Care Providers**

*Initiative Statute*

### **THE SITUATION**

#### *Medi-Cal Rx*

Before 2019, Medi-Cal (the California version of Medicaid) paid for the cost of prescription drugs in different ways. In 2019, the state adopted a single approach called “Medi-Cal RX.” Medi-Cal RX tries to save the state of California money because Medi-Cal pays for drugs at more discounted prices. However, while Medi-Cal RX is not currently reflected in state law, it is the approach used to pay for drugs in Medi-Cal. Federal Drug Discount Program.

The AIDS Healthcare Foundation is a major health care provider (AHF). The tax-exempt nonprofit operates a massive network of clinics and pharmacies that serve millions of patients across dozens of countries. It also runs thrift stores and many multifamily housing units. As part of its medical services, it receives revenues under the Federal Drug Discount Program.

AHF has channeled upward of \$100 million in recent years toward a number of state and local ballot measures and political causes — some of which were are not directly tied to its central mission, such as rent control initiatives. For example, the AHF sponsored two rent control initiatives in 2018 and 2020 that were defeated, providing \$63.1 million in support of those two initiatives. This year the AHF is leading the campaign in support of Prop 33, which again advocates for state-wide rent control. It is not clear if the revenues AHF receives under the Federal Drug Discount Program are used for these political expenditures.

### **PROPOSAL**

Prop 34 would make Medi-Cal RX part of state law.

Prop 34 would also limit how certain healthcare providers spend revenues realized from the federal Drug Discount Program. The proposition applies only to healthcare providers who have spent over \$100 million in any 10-year period on things besides direct patient

care and have run multifamily housing with more than 500 “high-severity health and safety violations.” If a healthcare provider meets that standard, as AHF apparently does, they would be required to spend 98% of their revenues from the Federal Drug Discount Program on direct patient care. Licensed entities must also follow certain rules, such as not engaging in conduct that is unprofessional, dishonest, or harmful to public health or safety. An organization that violates these rules can face penalties, including losing its healthcare license, losing its California tax-exempt status, exclusion from any state or local government contracts or grants, and bans on its leaders serving leadership roles in a California health plan, pharmacy, or clinic.

California’s ballot wars have often featured monied interest groups and their allies attacking each other in ballot campaigns. But a ballot measure like Prop 34 — potentially attacking a single organization — is highly unusual.

### **FISCAL EFFECTS**

There would be increased costs to state government, potentially up to the millions of dollars annually, to review affected organization(s)’ compliance with the measure and to enforce the measure’s provisions. These costs would be paid for by fees created under the measure. There are uncertain fiscal impacts in the future to state and local government health programs, depending on how the affected organization(s) respond to the measure’s requirements.

### **SUPPORTERS SAY:**

- Prop 34 will force the worst abusers of the Federal Drug Discount Program back to the program’s original mission to provide healthcare to low-income patients.
- This measure focuses only on the program’s worst offenders, putting in place new accountability measures, so that they appropriately use taxpayer dollars.
- Prop 34 requires the affected organization(s) to spend 98% of their taxpayer-generated revenues on direct patient care.

### **OPPONENTS SAY:**

- The proposed Initiative is a poorly veiled attempt by the California Apartment Association to silence a political adversary.
- If it is allowed to be put to the voters, no organization in the future will be safe from similar retribution by monied opponents.
- Prop 34 will hurt the most vulnerable in our society – low-income seniors, veterans, single parents, and patients with HIV/AIDS

### **SUPPORT**

**Supporters of Prop. 34 include:** (Signers of the official arguments are in **bold**.)

- **Yes on 34, *Protect Patients Now***
- Republican Party of California
- *California Apartment Association*
- Brian K. Rice, President, *California Professional Firefighters*
- Kelly Goss, Managing Director, *The ALS Association*
- *San Francisco Women's Cancer Network*
- Assemblymember Evan Low
- Nilza Serrano, Founder, *Latino Heritage Los Angeles*
- Stuart Fong, Chair, *San Francisco Hep B Free*

## **OPPOSITION**

**Opponents of Prop. 34 include:** (Signers of the official arguments are in **bold**.)

- **Susie Shannon, *Stop the Revenge Initiative-No on 34, AIDS Healthcare Foundation***
- Housing is a Human Right
- Jerilyn Stapleton, Board Member, *National Organization for Women*
- Larry Gross, Executive Director, *Coalition for Economic Survival*
- Condessa M. Curley, M.D./MPH, Board Member, *AIDS Healthcare Foundation*

Financial Support Reported as of July 31, 2024 (Total \$11,738,615):

California Apartment Association \$11,738,615

**Financial Opposition Reported as of July 31, 2024 (Nothing reported)**



# PROPOSITION 35 - In Depth Supplement

## Provides Permanent Funding for Medi-Cal Health Care Services.

### *Initiative Statute*

#### **INTRODUCTION**

Proposition 35 is an initiative statute that was placed on the ballot through the collection of voter signatures. It aims to make permanent an existing tax on managed health care plans to provide ongoing funding for Medi-Cal and other health care services.

#### **BACKGROUND**

Medi-Cal is California's Medicaid program, providing health coverage to eligible low-income residents. The state currently imposes a tax on managed health care plans that is currently set to expire in 2026 because this funding is not permanent but must be periodically renewed. This tax generates revenue that, when matched with federal funds, helps pay for health care services for Medi-Cal recipients. The current tax is temporary and requires periodic renewal by the state legislature.

#### **THE SITUATION**

California's healthcare system faces several challenges:

- Hospitals and health clinics are closing in rural and urban communities.
- Emergency rooms are overcrowded.
- More than 40 California hospitals have stopped offering labor and delivery services.
- Patients face long wait times for preventative care and specialty services.
- Over 15 million Californians rely on Medi-Cal for health insurance coverage.
- There is a shortage of healthcare professionals in the state.
- Mental health services are difficult to access, with long wait times.
- High prescription drug prices continue to be a problem for Californians.

The state has redirected more than \$30 billion in healthcare tax revenue over the last 15 years to other purposes than Medi-Cal, exacerbating these issues.

#### **PROPOSAL**

Proposition 35 would:

1. Make the existing tax on managed health care plans permanent, subject to federal approval.
2. Require that revenues be used only for specified Medi-Cal services, including:
  - a. Primary and specialty care
  - b. Emergency care
  - c. Family planning

- d. Mental health services
  - e. Prescription drugs
3. Prohibit the use of these revenues to replace existing Medi-Cal funding.
4. Cap administrative expenses and require independent audits of programs receiving funding.
5. Establish a stakeholder advisory committee to provide input on implementation.
6. Create various accounts and subaccounts to allocate funds for specific purposes, such as:
  - a. Primary Care Account
  - b. Specialty Care Account
  - c. Emergency Department Physicians Account
  - d. Family Planning Account
  - e. Emergency Medical Transportation Account
  - f. Improving Mental Health Account
  - g. Healthcare Workers Account
7. Provide funding for the California Affordable Drug Manufacturing Act of 2020 to increase competition and lower prices for generic prescription drugs.

## **FISCAL EFFECTS**

According to the Legislative Analyst's estimate:

Short-term effects (next few years):

- There will be no changes through the end of 2026

Long term effects:

- Increased funding for Medi-Cal and other health programs between roughly \$2 billion and \$5 billion annually (including federal matching funds).
- Increased state costs between roughly \$1 billion to \$2 billion annually to implement funding increases.

Long-term effects for state revenues and costs:

- Unknown effect on state tax revenue, health program funding, and state costs.
- Fiscal effects depend on many factors, such as whether the Legislature would continue to approve the tax on health plans in the future if Proposition 35 is not passed by voters.

## **SUPPORTERS SAY:**

- Protects and expands access to health care for millions of Californians, including children, low-income families, seniors, and people with disabilities.
- Provides dedicated, ongoing funding for critical health care services without raising taxes on individuals.
- Improves access to primary care, specialty care, emergency services, and mental health treatment.
- Includes strong accountability measures to ensure funds are spent as intended.
- Helps make essential medications affordable and accessible to more patients.
- Addresses the healthcare workforce shortage by investing in workforce development and education.

### **OPPONENTS SAY:**

No arguments against Proposition 35 were submitted.

### **SUPPORT**

**Supporters of Prop. 35 include:** (Signers of the official arguments are in **bold**.)

- **Yes on 35 — Protect Our Health Care**
- Coalition to Protect Access to Care
- Global Medical Response, Inc. and Its Subsidiaries
- Planned Parenthood Northern California
- California Primary Care Association
- Planned Parenthood Action Fund of the Pacific Southwest PAC
- California Hospitals Committee on Issues, (CHCI)
- California Association of Hospitals and Health Systems (CAHHS)
- Global Medical Response, Inc. and Its Subsidiaries
- Community Health Center Network Inc
- California Medical Association - Physician's Issues Committee
- California Dental Association
- California Medical Association - Physician's Issues Committee
- Planned Parenthood Mar Monte, Inc.
- SEIU California State Council
- Jodi Hicks, CEO, Planned Parenthood Affiliates of California
- California Democratic Party
- Republican Party of California

Major Financial Contributions:

**SUPPORTERS** Major Financial Contributions as of April 30, 2024:

[Coalition to Protect Access to Healthcare](#)

Total contributions: \$11,709,799.00

Major Donors

1. Global Medical Response, Inc. \$3,000,000
2. California Hospitals Committee on Issues \$2,000,000
3. California Medical Association \$2,000,000
4. California Dental Association \$1,000,000
5. Family Health Centers of San Diego \$1,000,000

**OPPONENTS** Major Financial Contributions as of April 30, 2024

[NONE]

## **PROPOSITION 36 - In Depth Supplement**

### **Allows Felony Charges and Increases Sentences for Certain Drug and Theft Crimes.**

#### *Initiative Statute*

#### **BACKGROUND**

In 2014, California voters approved Proposition 47. Its purpose was to counteract an increase in prison overcrowding that was thought to have occurred by the earlier enactment of the “three strikes” law, which imposed a 25-years to life sentence if the defendant had 2 prior convictions for serious or violent crimes. The law contributed to overcrowding in California’s prisons. [Legislative Analyst’s Office. *A Primer: Three Strikes-The Impact After More Than a Decade.*]

Prop. 47 addressed the overcrowding problem by reclassifying penalties for theft and drug possession under \$950 from felonies to misdemeanors unless the offender had prior convictions for serious crimes, such as murder or sex offenses. It redirected the savings from prison costs to social programs, which included mental health, substance abuse, housing and education. As of March 2022, prison crowding substantially decreased, and the amount of money diverted to social programs topped \$600 million. [Center on Juvenile and Criminal Justice *Prop. 47: A \$600 Million Lifeline to California Communities.*]

However, since the implementation of Prop. 47, there has been a marked increase in organized retail theft and “smash and grab” robberies. “Smash and grab” robberies are those in which , where groups of people break the windows of a store or business, pull large amounts of items off shelves en masse and run away into waiting vehicles.

Although many believe that these robberies directly resulted from the decreased penalties enacted by Prop 47, there is no concrete evidence to suggest that the two are related. Shoplifting, however, has increased. It jumped 29% in 2022 and surged another 39% in 2023. [Public Policy Institute of California. *Commercial Burglaries Fell in 2023, but Shoplifting Continued to Rise.* Blog Post, August 22, 2024.]

#### **PROPOSAL**

Prop. 36 proposes to decrease organized theft and “smash and grab” robberies by reclassifying theft of items less than \$950 from misdemeanors back to felonies if the suspect has two or more past convictions for certain theft crimes. According to the nonpartisan California Legislative Analyst’s Office (LAO), Prop. 36 would also:

- Lengthen some felony sentences by up to three years if three or more people committed the crime together
- Add fentanyl to California’s list of hard drugs, thereby increasing the penalties for its sale or use
- Create a new class of crime called “treatment-mandated felony” wherein an offender previously convicted of 2 drug offenses would be offered the opportunity to undergo mental health and substance abuse treatment. Upon successful completion, the charges would be dropped and the crime expunged from the offender’s record.

### **FISCAL EFFECTS**

Prop. 36 would reduce funding for the social programs implemented by Prop. 47 by \$600 million. The LAO has determined that the increase in state criminal justice costs would range from several tens of millions to the low hundreds of millions of dollars each year, and that local criminal justice costs would likely increase by tens of millions of dollars annually.

### **A YES Vote Means**

People convicted of certain drug or theft crimes could receive longer prison sentences. In certain cases, people who possess and/or sell illegal drugs would be offered the opportunity to complete substance abuse and mental health treatment or serve up to three years in prison.

### **A NO Vote Means**

Punishment for drug and theft crimes now in place would remain the same.

### **SUPPORTERS SAY:**

- Prop. 47 has caused a substantial increase in retail theft and “smash and grab” robberies. Prop. 47 made thefts of \$950 or less misdemeanors no matter how many thefts they committed. It made such crimes extremely attractive. It has had a devastating effect on small as well as large businesses. Some stores have gone out of business due to repeated thefts. Reclassification of those from misdemeanors back to felonies will take away the incentive to steal and crime will be reduced.
- Prop. 36 will increase prison terms for serious offenders, but will provide them with mental health and substance abuse treatment.
- Prop. 36 enacts a new classification of crime called a “treatment-mandated felony, which would require offenders with two prior drug convictions to be given the option of participating in drug and mental health treatment. Upon successful

completion of the program, the charge would be expunged. This would break the cycle of addiction and homelessness

### OPPONENTS SAY:

- Prop. 47 was a major reform in the California criminal justice system. It has significantly reduced overcrowding in California's prisons, and the savings have been reinvested into essential public health and safety. Gutting Prop. 47 now would take dollars away from social programs to reinvest in prisons.
- While Prop. 36 may reduce the amount of robberies, the text of the initiative goes way beyond what is needed to accomplish that result. It would mandate much longer sentences for individuals who commit a number of unrelated crimes. Those sentences would be served consecutively, not concurrently, which would vastly increase the prison population, likely reinstating the prison overcrowding that led to the passing of Prop. 47 in the first place.
- Prop. 36 is an unfunded mandate. It will require individuals to enter treatment programs without allocating any funds to pay for them. In fact, increased incarceration will substantially reduce the funds that were made available by decreasing the prison population, defeating the very purpose Prop 36 supporters are trying to achieve.

### SUPPORT

**Supporters of Prop. 36 include:** (Signers of the official arguments are in **bold**.)

- **Californians for Safer Communities** <https://voteyesprop36.com/>
- **Californians Against Retail and Residential Theft (CARRT)** <https://carrt.org/>
- **California Retailers Association** <https://calretailers.com/news/>

### OPPOSITION

**Opponents of Prop. 36 include:** (Signers of the official arguments are in **bold**.)

- **Committee to Protect Public Safety Sponsored by Action for Safety and Justice, no on Prop 36**  
<https://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1468083&session=2023>
- **American Civil Liberties Union of Northern California**  
<https://www.aclunc.org/blog/gearing-november-letter-executive-director-abdi-solta>  
[ni](#)
- **League of Women Voters of California**