

Agenda Report

October 5, 2020

TO: Honorable Mayor and City Council
FROM: Legislative Policy Committee (September 22, 2020)
SUBJECT: **RECOMMENDATION TO SUPPORT PROPOSITION 20 IN THE NOVEMBER 2020 STATE ELECTION. RECOMMENDATION TO OPPOSE COUNTY MEASURE J FOR THE NOVEMBER 2020 LOS ANGELES COUNTY ELECTION; AND TO SUPPORT PUSD MEASURE O AND PASADENA CITY SERVICES PROTECTION MEASURE P FOR THE NOVEMBER 2020 LOCAL ELECTION**

RECOMMENDATION:

It is recommended that the City Council consider positions on the following ballot measures for the upcoming November 3, 2020 General Election.

A. Recommend a Support Position on the following State Proposition:

- Proposition 20: Authorizes Felony Sentences for Certain Offenses Currently Treated Only as Misdemeanors; Restricts Parole for Certain Offenses Currently Considered to be Non-Violent.

B. Recommend an Oppose Position on the following Los Angeles County Measure:

- Measure J: Community Investment and Alternatives to Incarceration Minimum County Budget Allocation

C. Recommend a Support Position on the following local measures:

- Measure O: Pasadena Unified School District Repair, Technology, Student Achievement Measure
- Measure P: Pasadena City Services Protection

BACKGROUND:

For the November 3, 2020 general election, Pasadena residents will have an opportunity to voice their opinions on a number of important State, County and local ballot measures. This year there are 12 State measures, one Los Angeles County measure and two local measures on the ballot. Traditionally, the Legislative Policy Committee will review all ballot measures against the adopted legislative platform to decide if the City should take a formal position on any of the measures. At the September 22nd meeting, the Committee discussed the measures and is recommending the City Council take a formal position on the following:

- Support position on Proposition 20
- Oppose position on Los Angeles County Measure J
- Support position on Pasadena Unified School District Measure O
- Support position on Pasadena City Services Protection Measure P.
It should be noted that the City Council unanimously recommended to place Pasadena City Services Protection Measure P on the November ballot.

On eight of the State propositions, the Legislative Policy Committee discussed the details of the propositions but decided the City should take a neutral position. The Committee is proposing to stay neutral on the following measures:

- Proposition 14: Authorizes Bonds Continuing Stem Cell Research
- Proposition 18: Primary Voting for 17-Year-Olds Amendment
- Proposition 19: Changes Tax Assessment Transfers and Inheritance Rules
- Proposition 21: Expands Local Government Authority to Enact Rent Control on Residential Property
- Proposition 22: Changes Employment Classification Rules for App-based Transportation and Delivery Drivers
- Proposition 23: Authorizes State Regulation of Kidney Dialysis Clinics
- Proposition 24: Consumer Personal Information Law & Agency Initiative
- Proposition 25: Replace Cash Bail with Risk Assessments Referendum

On three of the State propositions the Legislative Policy Committee discussed the following measures but could not reach consensus, therefore these are being forwarded to the City Council with no recommendation. The propositions without a Committee recommendation are as follows:

- Proposition 15: Increases Funding for Public Schools, Community Colleges, and Local Government Services by Changing Tax Assessment of Commercial and Industrial Property
- Proposition 16: Allow Diversity as a Factor in Public Employment, Education, and Contracting Decisions
- Proposition 17: Voting Rights Restoration for Persons on Parole

Attachment A provides a summary matrix of all the State, County and local measures. Additionally, positions by the League of California Cities and the City's Legislative Policy Committee are also included in the matrix.

The following provides summary information on the all of the measures for City Council consideration.

State Ballot Measures

PROPOSITION 14 Authorizes Bonds Continuing Stem Cell Research

Legislative Policy Committee – NEUTRAL

This measure would authorize \$5.5 billion in State general obligation bonds to fund grants from the California Institute of Regenerative Medicine to educational, non-profit, and private entities for stem cell research, therapy, medical training, research facility construction, and administrative costs.

The League of California Cities did not take up this measure for a position.

PROPOSITION 15 Increases Funding for Public Schools, Community Colleges, and Local Government Services by Changing Tax Assessment of Commercial and Industrial Property (“Split Roll Initiative”)

Legislative Policy Committee – NO RECOMMENDATION

This measure would increase funding for K-12 public schools, community colleges, and local governments by requiring that commercial and industrial real property be taxed based on current market value. The measure would repeal a portion of Proposition 13 (1978), which requires that residential, commercial, and industrial properties are taxed based on their purchase price (no more than 1 percent of the purchase price with an annual adjustment equal to the rate of inflation or 2 percent, whichever is lower.)

Proposition 15 would exempt residential properties, agricultural properties, and owners of commercial and industrial properties with combined value of \$3 million or less.

- The measure would be phased-in beginning fiscal year 2022-23 and every three years thereafter.
- If a majority of a property is occupied by small businesses (such as a retail center), the property tax reassessment would be deferred until fiscal year 2025-26, or a later date set by the State Legislature.
- The State Legislature would be responsible for establishing an appeals process for challenging reassessments.
- The measure exempts from taxation all personal tangible property of small businesses, such as equipment and inventory, and \$500,000 in value of non-small business personal tangible property.

Fiscal Impacts:

- The State's non-partisan, Legislative Analyst Office estimates that Proposition 15 could increase statewide property tax revenue by \$7.5 to \$12 billion annually. After certain administrative/reimbursement costs, the remaining \$6.5 billion to \$11.5 billion would be allocated to local governments and schools.
- Of the estimated revenue, 60 percent would be allocated to cities, counties, and special districts and 40 percent to public schools and community colleges.
- Staff estimates the measure could generate between \$5.6 million to \$7.05 million in additional annual property tax revenue for the City. NOTE: This is a lower projection compared to Proposition 15 proponent's estimate of \$22.6 million for Pasadena based on the following factors:
 - Currently all commercial and industrial properties in Pasadena generate approximately \$11 million annually in property tax revenue for the City.
 - Very preliminary analysis utilizing information from our sales tax consultant shows about 50% of commercial and industrial properties with taxable values over \$3.0 million have been reassessed since 2015 either because of sale, new construction, or construction work which could include renovations.
 - Pasadena has numerous commercial properties that were constructed within the last 5 years. The existing property tax valuations for these properties would already be closer to current market value.

The League of California Cities formally voted to take "no position" on this measure.

PROPOSITION 16

Allow Diversity as a Factor in Public Employment, Education and Contracting Decisions

Legislative Policy Committee – NO RECOMMENDATION

This measure would allow, but not require, government decision-making policies to consider race, sex, color, ethnicity, or national origin to address diversity as a factor in public employment, public education, and public contracting decisions. Passage of this measure would repeal Proposition 209, which California voters approved in 1996.

The League of California Cities will take this measure up for discussion at their October Board 2020 Meeting.

PROPOSITION 17

Restores Right to Vote after Completion of Prison Term

Legislative Policy Committee – NO RECOMMENDATION

Currently, the California Constitution disqualifies individuals with felonies from voting until their imprisonment and parole are completed. This measure would amend the California Constitution to restore voting rights when the prison term is completed.

The League of California Cities did not take up this measure for a position.

PROPOSITION 18

Permits 17-year-olds to Vote in Primary and Special Elections if Turning 18 by the Next General Election

Legislative Policy Committee – NEUTRAL

This measure would amend the California Constitution to allow 17-year-olds to vote in primary and special elections, if turning age 18 by the next general election, and would otherwise be eligible to vote.

The League of California Cities did not take up this measure for a position.

PROPOSITION 19

Changes Tax Assessment Transfers and Inheritance Rules

Legislative Policy Committee – NEUTRAL

Current law allows homeowners who are over age 55, severely disabled or whose property is destroyed by a disaster to apply their Prop 13 property tax base to a newly-purchased home as long as the new home is equal or lesser market value. This is a one-time option for eligible homeowners, and the transaction must generally be within the same county.

- Proposition 19 would allow eligible homeowners to transfer their primary residence property tax base value to a replacement home of any value, anywhere in the state.
- If the new home is more expensive, the measure would allow tax assessments to be transferred with an upward adjustment.
- The measure would also increase the number of times an eligible homeowner can transfer their tax assessments from one to three.

Additionally, this measure would limit tax benefits for certain transfers of real property between family members.

- Inherited homes that are not used as principal residences, such as second homes or rentals, would be reassessed at market value when transferred.
- For inherited homes used principal residences *and* are valued over \$1 million, only the first \$1 million of value would retain the Prop 13 property tax base. The remaining value on the home would be re-assessed at current market value.

Lastly, the measure would allocate any additional revenue generated or net savings to wildfire agencies, and to counties for reimbursement for taxation-related changes.

The League of California Cities will take this measure up for discussion at their October Board 2020 Meeting.

PROPOSITION 20

Authorizes Felony Sentences for Certain Offenses Currently Treated Only as Misdemeanors; Restricts Parole for Certain Offenses Currently Considered to be Non-Violent.

Legislative Policy Committee – SUPPORT

This measure is intended to make changes to AB 109 (2011), Proposition 47 (2014), and Proposition 57 (2016), three measures that eased punishments for certain crimes in an effort to reduce the State's prison inmate population.

Proposition 20 would make specific types of theft and fraud crimes chargeable as a felony including some theft crimes where the value is between \$250 and \$950. The measure would also expand the list of "violent" crimes and sentence enhancements that would disqualify an inmate from early parole.

Additionally, Proposition 20 would require the collection DNA samples from adults convicted of certain crimes for a state database. California law currently requires DNA samples from individuals such as those required to register as sex offenders or arsonists, and others with felony convictions. This measure would expand the DNA collection requirement to include adults convicted of certain misdemeanors such as shoplifting, forging checks, and certain domestic violence crimes.

The League of California Cities is supporting this measure.

PROPOSITION 21

Expands Local Government Authority to Enact Rent Control on Residential Property

Legislative Policy Committee – NEUTRAL

This measure would allow, but not require, local governments to establish rent control on residential properties over 15 years old. The measure would also allow rent increases on rent-controlled properties of up to 15 percent over three years from a previous tenant's rent (above any increase allowed by local ordinance). Individuals who own up to two homes would be exempt from new rent-control policies. In accordance with California law, the measure provides that rent-control policies may not violate landlords' right to a fair financial return on their property.

The League of California Cities formally voted to take "no position" on this measure.

PROPOSITION 22

Changes Employment Classification Rules for App-based Transportation and Delivery Drivers

Legislative Policy Committee – NEUTRAL

This measure would consider drivers for app-based rideshare companies (such as Uber and Lyft) and app-based delivery services (such as Postmates and DoorDash) to be independent contractors and not employees. The measure would override Assembly Bill 5 ("AB 5"), signed in September 2019.

Independent contractors are not entitled to certain State-law protections afforded employees including minimum wage, overtime, unemployment insurance, and workers' compensation. This measure would require companies with independent-contractor drivers to provide specified alternative benefits, including: minimum compensation, safety training and healthcare subsidies based on engaged driving time.

The League of California Cities did not take up this measure for a position.

PROPOSITION 23

Authorizes State Regulation of Kidney Dialysis Clinics. Establishes Minimum Staffing and Other Requirements

Legislative Policy Committee – NEUTRAL

This measure would introduce several state mandates for chronic dialysis clinics including a requirement to have at least one on-site physician while patients are treated. Clinics would also be required to report dialysis-related infection data to the State. The measure would also prohibit clinics from closing or reducing services without State approval, and from refusing to treat patients based on the source of payment for care.

The League of California Cities did not take up this measure for a position.

PROPOSITION 24
Consumer Personal Information Law and Agency Initiative
Legislative Policy Committee – NEUTRAL

This measure would expand provisions of the California Consumer Privacy Act of 2018 (“CCPA”) and would create the California Privacy Protection Agency. The CCPA requires businesses that store personal information to disclose to consumers what types of information are collected and how the information is used. Among the provisions in Proposition 24, the measure would remove the ability of businesses to fix violations before being penalized, and would require additional consumer protections regarding data sharing.

The League of California Cities did not take up this measure for a position

PROPOSITION 25
Referendum to Replace Cash Bail System with Risk Assessments
Legislative Policy Committee – NEUTRAL

This issue addressed in this measure is whether or not California should use a cash bail system or risk assessment-based system for detained individuals who are awaiting trial. If voters approve Proposition 25, the measure would uphold current legislation, Senate Bill 10 (“SB 10”), which mandates risk-based assessments. If voters reject Proposition 25, California would keep a cash bail system and repeal SB 10.

The League of California Cities did not take up this measure for a position.

Los Angeles County Ballot Measure

MEASURE J
Community Investment & Alternatives to Incarceration Minimum County Budget Allocation
Legislative Policy Committee – OPPOSE

This measure would amend the LA County charter to require that no less than 10 percent of the County’s unrestricted revenues in the general fund be allocated to community investment programs and alternatives to incarceration. The measure would also prohibit using the funds for jail and prison systems as well as for law enforcement agencies. The intent of the measure is to address disproportionate impacts of racial injustice.

Community investment programs include youth development, job training, investment in small minority-owned businesses, rental assistance, housing vouchers, and transitional housing. Alternatives to incarceration include community-based restorative justice programs, pre-trial non-custody services and treatment, counseling, and mental health and substance use disorder services.

The measure authorizes the Board of Supervisors to develop a process to allocate funds. The Board of Supervisors would also be authorized to reduce the amount allocated with a vote of 4-1 during a declared fiscal emergency.

The League of California Cities is opposing this measure.

Local Measures

MEASURE O

Pasadena Unified School District Repair, Technology, Student Achievement Measure

Legislative Policy Committee – SUPPORT

Measure O is a \$516.3 million general obligation bond measure for PUSD school facility upgrades and to expand STEAM and Career Technical Education programs. The intent of the measure is to improve equitable access to technology, and to attract/retain quality teachers. The measure would provide funding for repairs to classrooms, bathrooms, roofs, and science labs. The measure would also provide funding remove hazardous materials and for facility and equipment repair. Measure O would authorize the bond funding at legal rates levying \$20 per \$100,000 in assessed value per year beginning in 2021, gradually increasing to a maximum of \$45 per \$100,000 in assessed value in 2028 (average \$28,504,000 annually) while bonds are outstanding. The measure will be paid off in 2051.

The League of California Cities did not take up this measure for a position.

MEASURE P

Pasadena City Services Protection

Legislative Policy Committee – SUPPORT

Measure P was unanimously support by the City Council to be placed on the November ballot. If approved this measure will maintain the longstanding utility transfer from the Power Fund to the General Fund. The elimination of these funds would result in the annual loss of approximately \$18 million that support emergency 911 response, fire, paramedic, public health programs for the community, senior services, homelessness and housing programs, street repair, and other general services and programs. Since 1934 the Pasadena Charter provisions calling for the annual transfer of funds have previously gone to the voters a combined total of seven times.

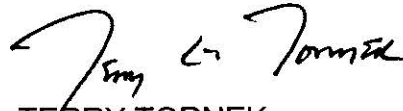
COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic planning goals to maintain fiscal responsibility and stability; improve, maintain, and enhance public facilities and infrastructure; increase conservation and sustainability; and support and promote the quality of life in Pasadena.

FISCAL IMPACT:

Fiscal impacts for the measures either had no direct impact to the City or could not be definitively determined at this time.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Terry Tornek". The signature is stylized with a large initial "T" and a cursive "Tornek".

TERRY TORNEK

Mayor/ Chair of the Legislative Policy Comm.