

PANE & PANE ASSOCIATES, INC.

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MEMO TO: California Bus Association

FROM: Josh Pane and Donna Wetterer Pane
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RE: Brief Summary of the Five Initiatives on the June 8th Ballot

FIVE INITIATIVES QUALIFIED FOR THE JUNE 2010 BALLOT. Now that the June 8th election is getting near, no doubt you've been inundated with commercials on some of the initiatives on the June ballot. Below is an attempt to summarize these five initiatives and cut through some of the confusion caused by those either promoting or opposing them.

Proposition 13. Property tax: new construction exclusion: seismic retrofitting. This was put on the ballot by a unanimous vote of the Legislature. Currently California permanently exempts earthquake upgrades from property tax reassessments but that exemption does not apply to older unreinforced masonry buildings that are in the most need of retrofitting. Proposition 13 changes that by providing equal incentives to do earthquake retrofits regardless of the type of building. There should be no opposition to this initiative and not much of a campaign effort either.

Proposition 14. Elections: open primaries. Governor Schwarzenegger is putting his name and money behind this initiative that was put on the ballot by the Legislature (although both political parties oppose it) in return for Senator Able Maldonado's vote on the budget last year. The Governor's official committee name is YES on 14 – Californians for an Open Primary, with Major Funding from Gov. Schwarzenegger's California Dream Team! Proposition 14 would restore an open primary in California for Congress, the Legislature, the governor and other statewide offices. Instead of party primaries, candidates from all parties or political affiliations would run against each other. Voters registered as Democrats could vote for a Republican or a third-party candidate and vice versa. The top two primary winners would advance to a runoff. The hope here is that the more moderate candidates will prevail instead of what we have now: the far right on the Republican side and the far left on the Democrat side winning these primaries.

Proposition 15: Political Reform Act of 1974: California Fair Elections Act of 2008. This initiative, placed on the ballot also by the Legislature, is not exactly what it seems. Proposition 15 will repeal the 1988 voter-approved ban on public financing of campaigns and would set up a public finance pilot project for the election of the secretary of state in 2014 and 2018, then it would sunset. The problem is in the funding mechanism, which is unlikely to raise sufficient funds to make the pilot project work. The source of these funds is a "tax" on lobbyists, lobbying firms and lobbyist's employers of \$350 a year, but many believe that this "tax" is unconstitutional and it will be taken to court. The California Chamber of Commerce is mounting a campaign against this initiative stating that there is more at stake than the new annual tax on lobbyists, firms and employers. It gives legislators the authority to expand public campaign financing to any races they want, including their own and use General Fund money to pay for them.

Proposition 16, New Two-Thirds Vote Requirement for Local Public Electricity Providers.

This proposition is sponsored by and funded solely by Pacific, Gas and Electric, the largest for-profit private utility in the state. They have spent approximately \$35 million so far on this effort. Basically, Proposition 16 would alter existing voting requirements, requiring a new two-thirds super-majority for local communities to expand public power, start up public power or buy power wholesale from independent operators. They characterize it as a “taxpayer protection” measure but it appears that the purpose is to insulate PG&E from competition. But the State Chamber of Commerce is supporting this saying local voters have every right to have the final say on an issue as important as who provides them with local electric service and how much it will cost. The Sacramento Bee says voters should not be fooled by this attempt at winning a guaranteed monopoly for one firm.

Proposition 17. Allows Auto Insurance Companies to Base Their Prices in Part on a Driver’s History of Insurance Coverage. This is another one company effort, this time by Mercury Insurance, the state’s third largest auto insurer who has been trying for more than 20 years to undo the law that voters passed in 1988 that says insurers may not use the absence of a prior policy as a factor in setting rates. Proposition 17 repeals this and would allow them to offer discounts to those who provide evidence of prior insurance and allow insurers to charge others higher premiums. Some believe that this will discourage the uninsured from getting insurance and penalize some drivers who do not have insurance for a period of time due to varying circumstances (out of a job, attending college when no car is permitted, suffering from a temporary illness, etc.).

We hope this has helped cut through some of the bureaucratic language in these initiatives and to give you a better understanding of what they attempt to do. There are two other initiatives that you have probably been hearing about: 1) to suspend implementation of AB 32 and 2) to legalize marijuana but these will be on the November ballot. However, we expect many more before the deadline for qualifying for the November General Election ballot. Stay tuned.

As always, please don’t hesitate to contact us if you have any questions or need additional information at (916) 447-8982 or pane@cwo.com.