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**TO: CITY OF CUPERTINO
LEGISLATIVE REVIEW COMMITTEE**

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SUBJECT: LEGISLATIVE UPDATE

DATE: MARCH 24, 2022

STATE LEGISLATIVE UPDATE

February 18th was the bill introduction deadline for introducing new legislation. This year, the Assembly introduced 1,361 new bills and the Senate introduced 660 new bills, for a total of 2,021 newly introduced bills for the 2022 legislative session.

All new bills must be in print for 30 days before they can be heard in committee. There were a total of 421 Assembly bills and 218 Senate bills that were “intent” or “spot bills”, meaning they currently do not contain substantive language. The figures above only include bills; they do not include resolutions or constitutional amendments.

LEGISLATIVE TURNOVER

2022 is an election year for all members of the State Assembly and half of the State Senate. This, coupled with reapportionment, has caused a mass exodus from the legislature. Five legislators have resigned and over 20 legislators have announced they will not be seeking reelection.

State Senate

Half of the State Senate seats are up for reelection every two years. Seven Senators are termed out in 2022, which includes Senator’s Bates, Hertzberg, Hueso, Melendez, Nielsen, Pan, and Wieckowski. Three Senators are not running for reelection, which includes Senator’s Borgeas, Kamlager, and Leyva. Six Senators are running for reelection this November for their final 4-year term, which includes Senator’s Allen, Caballero, Grove, Jones, McGuire, and Umberg.

10 Senators will be termed out in 2024, which include Senator’s Atkins, Bradford, Dahle, Dodd, Eggman, Glazer, Portantino, Roth, Skinner, and Wilk.

State Assembly

All State Assembly seats are up for reelection every two years. There are no Assemblymembers who will be termed out in 2022. Nine assemblymember’s have decide to retire and not seek reelection, which includes Assemblymember’s Bigelow, Bloom, Cunningham, Mayes, Medina, Nazarian, O’Donnell, Quirk, and Stone. Only eight Assemblymembers are running for reelection in 2022 for their final term, which includes Assemblymember’s Cooley, Holden, Jones-Sawyer, Maienschein, Patterson, Rendon, Rodriguez, Ting, and Waldron.

Due to the vacancies from the resignation of Assemblymember's Burke, Chau, Chiu, Frazer, and Gonzalez, 5 special elections will be held in 2022 to fill vacancies. Mike Fong has already taken Assemblymember Ed Chau's seat; so, four vacancies remain to be filled this year.

Legislative Turnover Summary:

2022 marks one of the biggest turnovers in the California Legislature since 2012, when the first group of 12-year term limit legislators entered office. It is likely that 30 Senators will continue in 2023, assuming reelection of those on the ballot in November. This means that 25% of the Senate will be new to the legislature in December.

It is likely that 57 Assemblymembers will continue in 2023, assuming reelection of those on the ballot in November. This number does not count the five who will be elected to office in special elections this year. Therefore, 29% of the Assembly will be new legislators in December.

With at least 33 new legislators being elected to the California Legislature in November, the start of the 2023-24 Session will have a lot of new faces – at least 27% of the 120-member Legislature.

LEGISLATIVE DEADLINES

The following are relevant dates and deadlines for the 2022 Legislative session:

<u>February 18, 2022:</u>	Last day for new bills to be introduced.
<u>April 7-18, 2022:</u>	Spring Recess.
<u>April 29, 2022:</u>	Last day for policy committees to hear and report to fiscal committees, fiscal bills introduced in their house.
<u>May 6, 2022:</u>	Last day for policy committees to hear and report to the floor, nonfiscal bills introduced in their house.
<u>May 13, 2022:</u>	Last day for policy committees to meet prior to May 31.
<u>May 20, 2022:</u>	Last day for fiscal committees to hear and report to the floor bills introduced in their house. Last day for fiscal committees to meet prior to May 31.
<u>May 27, 2022:</u>	Last day for each house to pass bills introduced in that house.
<u>June 15, 2022:</u>	Budget Bill must be passed by midnight.
<u>June 30, 2022:</u>	Last day for a legislative measure to qualify for the Nov. 8, 2022 General Election ballot.
<u>July 1, 2022:</u>	Last day for policy committees to meet and report bills.
<u>July 1- August 1, 2022:</u>	Summer Recess.
<u>August 12, 2022:</u>	Last day for fiscal committees to meet and report bills.

August 15 – 31, 2022: Floor session only. No committee may meet for any purpose except Rules Committee.

August 25, 2022: Last day to amend bills on the floor.

August 31, 2022: Last day for each house to pass bills. Final Recess begins upon adjournment.

INITIATIVE UPDATE

As of March 14, 2022, 37 ballot initiatives have cleared for circulation. Of those 37, four have qualified for the ballot in California for elections in 2022. Below are the summaries of three of the four initiatives, the fourth initiative will be presented as a separate item:

1. California Legalize Sports Betting on American Indian Lands Initiative

The California Legalize Sports Betting on American Indian Lands Initiative has qualified for the ballot in California as a combined initiated constitutional amendment and state statute for November 8, 2022.

Overview:

The ballot measure would legalize sports betting at American Indian gaming casinos and licensed racetracks in California. The ballot measure would define sports betting as wagering on the results of professional, college, or amateur sport and athletic events, with the exception of high school sports and events featuring a California college team. Individuals would need to be 21 years of age to engage in legal sports betting.

The ballot measure would enact a tax of 10% on profits derived from sports betting at racetracks. The state government would be required to distribute the revenue as follows:

- (a) 15% to the California Department of Health for researching, developing, and implementing programs for problem gambling prevention and mental health and providing grants to local governments to address problem gambling and mental health;
- (b) 15% to the Bureau of Gambling Control for enforcing and implementing sports wagering and other forms of gaming within the state;
- (c) 70% to the General Fund.

The ballot measure would also legalize roulette and dice games, such as craps, at tribal casinos; however, tribal-state compacts would need to be amended before these games can be offered.

A "yes" vote supports this ballot initiative to (i) legalize sports betting at American Indian gaming casinos and licensed racetracks in California; (ii) tax profits derived from sports betting at racetracks at 10%; and (iii) legalize roulette and dice games, such as craps, at tribal casinos.

A "no" vote opposes this ballot initiative, thus continuing to prohibit sports betting in California and roulette and dice games at tribal casinos

Fiscal impact:

This initiative would produce increased state revenues, potentially reaching tens of millions of dollars annually, from payments made by facilities offering sports wagering and new civil penalties authorized by this measure. Some portion of these revenues would reflect a shift from other existing state and local revenues. There would also be increased state regulatory costs, potentially reaching the low tens of millions of dollars annually. Some or all of these costs would be offset by the increased revenue or

reimbursements to the state. There would also be an increased state enforcement cost, related to a new civil enforcement tool for enforcing certain gaming laws.

Support:

The Coalition to Authorize Regulated Sports Wagering is leading the campaign in support of the ballot initiative. The coalition is supported by several American Indian tribes, including the top donors to the campaign—the Pechanga Band of Luiseno Indians, Yocha Dehe Wintun Nation, Federated Indians of Graton Rancheria, San Manuel Band of Mission Indians, and Agua Caliente Band of Cahuilla Indians. The campaign has raised \$12.93 million.

Supporting American Indian Tribes:

- Agua Caliente Band of Cahuilla Indians
- Barona Band of Mission Indians
- Big Valley Band of Pomo Indians
- Dry Creek Rancheria Band of Pomo Indians
- Federated Indians of Graton Rancheria
- Mechoopda Indian Tribe of Chico Rancheria
- Middletown Rancheria of Pomo Indians of California
- Morongo Band of Mission Indians
- Pechanga Band of Luiseño Indians
- Rincon Band of Luiseño Indians
- San Manuel Band of Mission Indians
- Santa Rosa Rancheria Tachi-Yokut Tribe
- Santa Ynez Band of Chumash Indians
- Shingle Springs Band of Miwok Indians
- Sycuan Band of the Kumeyaay Nation
- Viejas Band of Kumeyaay Indians
- Wilton Rancheria
- Yocha Dehe Wintun Nation

Supporting Organizations:

- California Thoroughbred Breeders Association

Opposition:

Taxpayers Against Special Interest Monopolies is leading the campaign against the proposal. The campaign, along with a terminated PAC No on the Gambling Power Grab, raised \$25.29 million. The top donors to the opposition were gambling-related companies, including the California Commerce Club, Hawaiian Gardens Casino, Park West Casinos, The Bicycle Hotel & Casino, PT Gaming LLC, and Knighted Ventures LLC.

Opposing Corporations:

- Bicycle Casino
- Elevation Entertainment Group
- Hawaiian Gardens Casino
- Hollywood Park Casino
- Knighted Ventures LLC
- PT Gaming LLC
- Parkwest Casinos

2. California Changes to Medical Malpractice Lawsuits Cap Initiative

The California Changes to Medical Malpractice Lawsuits Cap Initiative has qualified for the ballot in California as an initiated state statute for November 8, 2022.

Overview

The ballot initiative would increase California's cap on noneconomic damages in medical malpractice lawsuits based on changes in inflation since 1975, which is when the cap on noneconomic damages was enacted. In 1975, the cap was set at \$250,000. The ballot initiative would require an annual adjustment of the cap based on inflation.

The ballot initiative would allow judges and juries to award damages above the cap for catastrophic injuries, defined as death, permanent physical impairment, permanent disfigurement, permanent disability, or permanent loss of consortium. The ballot initiative would also replace language about noneconomic damages with quality-of-life damages and survivor damages.

A "yes" vote supports this ballot initiative to increase California's \$250,000 cap on noneconomic damages in medical malpractice lawsuits based on changes in inflation since 1975 and allow judges and juries to award damages above the cap for catastrophic injuries.

A "no" vote opposes this ballot initiative, therefore keeping California's cap on noneconomic damages in medical malpractice lawsuits at \$250,000.

Fiscal Impact:

Increased state and local government health care costs predominantly from raising or removing the cap on noneconomic damages in medical malpractice cases, likely ranging from the low tens of millions of dollars to the high hundreds of millions of dollars annually.

Support:

The Fairness for Injured Patients Act Coalition is leading the campaign in support of the ballot initiative. Through December 31, 2021, the campaign received \$5.41 million, including \$3.81 million from trial lawyer Nicolas Rowley and \$500,000 from Trial Lawyers for Justice.

Supporters:

- Former U.S. Senator Barbara Boxer
- Consumer Watchdog
- Trial Lawyers for Justice
- Nicolas Rowley

Opposition:

Californians to Protect Patients and Contain Health Care Costs is leading the campaign in opposition to the ballot initiative. Through December 31, 2021, the campaign received \$29.70 million, including \$6.15 million from The Doctors Company and \$5.00 million from Kaiser Foundation Health Plan, Inc.

Opponents:

- Medical Insurance Exchange of California
- The Doctors Company
- California Medical Association
- Kaiser Foundation Health Plan, Inc.

3. California Flavored Tobacco Products Ban Referendum

The California Flavored Tobacco Products Ban Referendum is on the ballot in California as a veto referendum on November 8, 2022.

Overview:

Proponents of the veto referendum seek to overturn Senate Bill 793 (SB 793), which was signed into law on August 28, 2020. SB 793 was designed to ban the sale of flavored tobacco products and tobacco product flavor enhancers, with exceptions for hookah tobacco, loose leaf tobacco, and premium cigars. Retailers would be fined \$250 for each sale violating the law.

The California State Legislature passed SB 793 in August 2020. The legislation received support from most legislative Democrats (84 of 89) and a quarter of legislative Republicans (8 of 30). One legislator voted against the bill, and the remaining legislators were absent or abstained.

A "yes" vote is to uphold the contested legislation, Senate Bill 793 (SB 793), which would ban the sale of flavored tobacco products.

A "no" vote is to repeal the contested legislation, Senate Bill 793 (SB 793), thus keeping the sale of flavored tobacco legal in the state.

Fiscal Impact:

There is no fiscal impact related to this initiative.

Support:

The California Fuels & Convenience Alliance, which opposed SB 793, described the flavored tobacco ban as "misguided policy that will do more harm than good" and "hurt small businesses, eliminate necessary tax revenue, and perpetuate dangerous and avoidable police interactions in our communities. The California Coalition for Fairness is campaigning for the veto referendum to repeal SB 793. Through December 31, 2021, the campaign received \$21.16 million, including \$10.33 million from R.J. Reynolds Tobacco Co. and \$9.83 million from Philip Morris USA.

Supporting Corporations

- ITG Brands, LLC
- Philip Morris USA, Inc.
- R.J. Reynolds Tobacco Company
- Swedish Match North America, LLC

Supporting Organizations

- National Association of Tobacco Outlets

Opposition:

State Sen. Jerry Hill (D-13), the legislative sponsor of SB 793, said, "Using candy, fruit and other alluring flavors, the tobacco industry weaponized its tactics to beguile a new generation into nicotine addiction while keeping longtime users hooked. SB 793 breaks Big Tobacco's death grip."

Officials

- Governor Gavin Newsom

CALIFORNIA TAX FOUNDATION: TAX AND FEE REPORT

On March 10, 2022, the California Tax Foundation released their "Tax and Fee Report." The report found that during the first two months of 2022, state lawmakers considered raising annual taxes and fees by more than \$190 billion. Despite the state's reserves of more than \$34.6 billion, a windfall of unexpected tax revenue (nearly \$16 billion above projections during the first seven months of the 2021-22 fiscal year alone) and a projected surplus of \$45.7 billion, there were a total of 39 proposals with higher taxes or fees. Although the cost to taxpayers cannot be quantified for 31 of the measures, the remaining eight represent a cumulative total of \$190 billion in additional taxes and fees if all were approved.

The following link will provide you with a copy of the report: [Tax and Fee Report¹](#).

ADDITIONAL BILLS OF INTEREST:

¹ <https://www.caltax.org/foundation/reports/20220310-Tax-and-Fee-Report.pdf>

Below are bills that may be of interest to the City. The summaries of the following bills can be found in Attachment A, Cupertino Bill Positions and Bills of Interest.

- AB 1014 (McCarty): Cannabis retailers, delivery vehicles
- AB 1445 (Levine): Planning and housing need allocation, climate change impacts
- AB 1985 (Rivas, Robert): Organic waste, list available products by zip code
- AB 2181 (Berman): Santa Clara Valley Transportation Authority Board of Directors
- SB 54 (Allen): Plastic pollution producer responsibility act
- SB 379 (Wiener): Residential solar energy systems permitting