



California
CHAPTER

LEGISLATIVE REPORT #290

Election Results - Dr. Arambula Re-Elected - Tobacco Tax Passes

November 9, 2016: Joaquin Arambula was re-elected in Assembly District 31. Dr. Arambula, an emergency physician from Fresno was elected earlier this year in a special election. This is a big victory for all of medicine as his voice in the Assembly on healthcare issues is critical. CardioPAC supported Dr. Arambula in his re-election.

Also, Assembly Matt Dababneh was re-elected. Mr. Dababneh won handily in Assembly District 45 in the San Fernando Valley. CardioPAC supported his re-election efforts.

Democrats targeting supermajorities

Coming into the general election the Democrats felt they had a great opportunity to secure a super majority in both the Senate and Assembly. A supermajority would allow Democrats to pass any measure requiring a two-thirds vote such as tax measures. A supermajority also allows the Democrats to obtain certain rule waivers in the Legislative process. To achieve this, the Democrats would need to win over two seats in the Assembly to get them to 54 and one seat in the Senate to get them to 27.

The Democrats targeted seven Assembly races and were able to win over three seats. This now gives the Democrats in the Assembly a super majority. The Democrats also identified five races in the Senate and as of 10:24 this morning the results appear to have the Republicans maintaining the 14 seats to stop the Democrats from obtaining a supermajority. Although the Democrats have a supermajority in the Assembly they did fall short in the Senate.

It is also worth noting even if the Democrats did obtain a supermajority in both houses there are a handful of "moderate" Democrats who are hesitant to raise taxes. In addition, Governor Brown has stated he would not raise taxes unless there was a vote of the people. This tends to limit the impact of having a supermajority.

Propositions

Looking at the 17 propositions, I wanted to highlight a few of the propositions impacting how the State Legislature conducts its business and healthcare. The results below are taken from the Secretary of State website showing results as of 10:24 this morning.

Proposition 54 – Approved with 64% of the vote. This proposition was developed by Charles Munger and funded with more than \$10 million of his own money.

§ Requires every bill be published in print and online at least 72 hours before each house of the legislature can vote on it

§ Requires the legislature make audiovisual recordings of its public proceedings and publish the recordings online within 24 hours

§ Allows any individual to record any open legislative proceedings either through audio or visual means and use these recordings for any legitimate purpose

Proposition 55 – Approved with 62% of the vote. This proposition extends the Proposition 30 taxes on people making more than \$250,000. Roughly 89 percent of revenue from the tax increase would go toward K-12 schools and 11 percent to state community colleges. An additional \$2 billion would be allocated in certain years to Medi-Cal and other health programs.

This initiative could provide needed funding to hospitals and physicians providing care to Medi-Cal enrollees. This initiative along with Proposition 56 should result in

Proposition 56 – Approved with 63% of the vote.

This proposition increases the tobacco by \$2 per pack and also applies the tax to electronic cigarettes.

The funds will be used to fund physician training, prevention and treatment of dental diseases, Medi-Cal, tobacco-use prevention, research into cancer, heart and lung diseases, and other tobacco-related diseases, and school programs focusing on tobacco-use prevention and reduction

As we have discussed over the years there have been numerous attempts to increase reimbursement rates for providers treating Medi-Cal enrollees most of which have been unsuccessful. As a result of Propositions 55 and 56 I do not anticipate any legislative attempts to increase reimbursement rates.

Proposition 61 – Rejected by 54% of the vote. This proposition would have restricted the amount any state agency could pay for drugs, tying it to the price paid by the U.S. Department of Veterans Affairs.

The pharmaceutical industry led the opposition spending more than \$120 million to defeat the proposition.

There have been attempts in the State Legislature to get at the high costs of drugs but they have been all defeated. The Legislature did hold an informational hearing this Fall on the heels of the cost spike in epi pens. We should expect more attempts in the State Legislature do provide more transparency in the cost of drugs as well as attempts to address the continued increase in drug prices.

Proposition 63 – Approved by 63% of the voters.

Proposition 63 requires individuals who wish to purchase ammunition to first obtain a permit. The measure mandates dealers to check this permit before selling ammunition. The measure also eliminates several exemptions to the large-capacity magazines ban and increased the penalty for possessing them.

Proposition 64 – Approved by 56% of the voters. This proposition allows adults aged 21 years or older to possess and use marijuana for recreational purposes. It also creates two new taxes, one levied on cultivation and the other on retail price. Revenue from the taxes will be spent on drug research, treatment, and enforcement, health and safety grants addressing marijuana, youth programs, and preventing environmental damage resulting from illegal marijuana production.

Local Ballot Measures

Soda Taxes – San Francisco, Oakland, and Albany all passed soda taxes. They join Berkeley as the only cities in California with a soda tax.