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July 30, 1999

Hon. Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Connie Lemus
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative cited as the "California Defense of Sexual Responsibility Act of 2000" (File No. SA 99 RF 0028).

PROPOSAL

This measure prohibits public entities in California from (1) using the phrase "sexual orientation" and (2) endorsing, educating, recognizing, or promoting homosexuality as an "acceptable, moral behavior."

FISCAL EFFECT

The fiscal impact of the measure would depend in large part on how it is interpreted and implemented. Below, we discuss several potential effects.

Potential Revenue Impacts. In order to receive more than \$2 billion in federal funds for highways and transit under the Transportation Equity Act for the 21st Century, the

state must not discriminate on the basis of sexual orientation (among other characteristics) in awarding contracts. This apparently requires the use of the phrase sexual orientation in state transportation documents. If under the measure the state could not adhere to this federal requirement, there would be some risk of losing part or all of these funds.

Potential Costs. State and local government agencies could also incur costs to (1) purchase new textbooks or revise printed materials that discuss sexual orientation issues and (2) revise printed materials that display nondiscrimination statements that include sexual orientation as a protected classification.

Potential Savings. This measure could also result in savings because public entities might have to cease certain activities, depending on how broadly the initiative was interpreted. For example:

- **Employment Discrimination Investigations.** The Labor Code includes sexual orientation as a classification protected from employment discrimination. Presumably, under the measure these types of investigations would no longer occur.
- **Hate Crimes Reporting.** Local governments are required to report hate crimes to the California Attorney General, including those motivated by the victim's sexual orientation. These types of hate crimes would no longer be reported.

Summary. The measure would have an unknown net fiscal impact on state and local governments, depending in large part on how the measure is interpreted and implemented.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

B. Timothy Gage
Director of Finance