

September 18, 2007

Hon. Edmund G. Brown Jr.  
Attorney General  
1300 I Street, 17<sup>th</sup> Floor  
Sacramento, California 95814

Attention: Ms. Toni Melton  
Initiative Secretary

Dear Attorney General Brown:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative entitled "The No Say No Pay Act" (A.G. File No. 07-0045).

### **Major Provisions**

This measure would prohibit a California corporation from entering into an agreement regarding the compensation of any member of its board of directors and the ten most highly compensated executive officers without the approval of a majority of the shareholders. The director(s) of a corporation who approve the agreement would be liable for any illegal compensation.

The measure would further require publicly-traded California corporations and out-of-state corporations that conduct business in California to annually disclose information pertaining to the compensation of executive officers and all other employees working over 35 hours a week. This information would be filed with the Secretary of State, as well as posted on the corporation's Web site.

### **Fiscal Effect**

Under current law, corporations annually report certain information related to executive compensation to the Secretary of State on forms prescribed by the department. These forms would need to be modified to reflect the changes proposed by the measure. Accordingly, there would likely be negligible one-time state costs to modify the Secretary of State forms.

### **Summary**

This measure would result in the following fiscal effect:

- Probably negligible one-time state costs to modify the forms that corporations use to annually report certain information.

Sincerely,

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Elizabeth G. Hill  
Legislative Analyst

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Michael C. Genest  
Director of Finance