



March 22, 2016

Hon. Kamala D. Harris
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Ashley Johansson
Initiative Coordinator

Dear Attorney General Harris:

Pursuant to Elections Code Section 9005, we have reviewed a proposed statutory initiative related to the state's initiative, referendum, and recall processes (A.G. File No. 16-0002).

Background

"Direct Democracy" in California. In 1911, California voters approved the constitutional processes of initiative, referendum, and recall. Through these processes, voters can adopt a change in law (an initiative), disapprove a law passed by the Legislature (a referendum), or remove an elected official from office (a recall). While these processes have evolved somewhat over the past 105 years, state and local initiative, referendum, and recall campaigns still generally involve the circulation of signature petitions to place measures on the ballot. County elections officials have to verify the validity of thousands of voter signatures on petitions. Campaigns to support or oppose such measures regularly raise millions of dollars to develop proposals, fund signature-gathering campaigns, and present their viewpoints to the public at large.

Proposal

Online Petition Option. Within six months from this measure's approval by voters, the Secretary of State would be required to develop a system that allows voters to view initiative, referendum, and recall petitions on a statewide internet website and do either of the following: (1) electronically sign the petition (with necessary identifying information) via that website or (2) download, print, and sign a petition document in the "portable document format" (known as PDF). The system must allow verification of the voter signatures. Under this measure, proponents of certain state and local initiative, referendum, and recall petitions could opt to use the new electronic means of signature gathering described above. Other information also would be available on the website.

Fiscal Effects

Costs to Develop New System. Typically, government information technology projects take much longer than six months to develop and implement, especially when they require interaction with various local governments and state departments and require security protocols. The online petition system at issue in this measure will have some such requirements. Therefore, it may prove difficult

for the system to be developed within six months, as this measure could be interpreted to require. In any event, the one-time state and local costs to develop this new system likely would total in the millions of dollars or more.

Ongoing Costs or Savings. Over time, after the development of the online petition system, the state and local government net costs or savings from this measure would depend on the system that the Secretary of State develops under this measure. If that system requires labor-intensive efforts by state or local elections officials to verify signatures, then it is possible that there could be additional costs under this measure. Moreover, if the availability of the new system results in more initiative, referendum, and recall petitions, it is possible that this increase could contribute to higher state or local costs. On the other hand, it is also possible that this new system—combined with the ongoing computerization of local voter files already underway—could make the process of petition signature verification more efficient, contributing to some state and local cost savings.

Changes in Economic Activity. This initiative could result in changes to the state's economy—specifically to the multibillion-dollar industry of political campaigns in the state. It is possible that this measure could reduce demand for today's paid signature gatherers on petitions. On the other hand, this measure could increase demand for businesses that build awareness of signature campaigns via social media and other means. The net change for economic activity and state and local tax revenues, therefore, could be minimal.

Summary of Fiscal Effects. This measure likely would have the following major fiscal effects:

- One-time state and local government costs in the millions of dollars or more to develop an online system for electronic petition signature gathering.
- Potential net costs or savings due to changed state and local government processes for verifying petition signatures.

Sincerely,

Mac Taylor
Legislative Analyst

Michael Cohen
Director of Finance