



November 14, 2025

Hon. Rob Bonta
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Anabel Renteria
Initiative Coordinator

Dear Attorney General Bonta:

Pursuant to Elections Code Section 9005, we have reviewed the proposed statutory initiative pertaining to large health sector labor organizations' political activities (A.G. File No. 25-0021, Amendment #1).

Background

Labor Organization Membership and Dues. A labor organization is a group of employees who have organized to promote or protect their interests. A union is a common type of labor organization that represents employees' interests in collective bargaining, grievance processes, or other labor relations issues between an employer and its employees. Labor organizations also often represent the interests of their workers in local, state, and federal policy making. Typically, labor organizations are organized by the type of work employees perform. Employees who choose to become members of a labor organization typically pay regular dues to the organization. These dues serve as a revenue source for the organization to pay for its operations. Members of labor organizations typically have voting rights in elections for officers of the organization, ratification of labor agreements, and authorization of workplace actions like strikes. These elections are governed by the rules and bylaws of each labor organization; however, typically, such elections are determined by a majority of votes cast and not necessarily a majority of members of the organization.

Proposal

Require Health-Related Labor Organizations to Obtain Approval for Some Types of Political Spending. The measure would require larger labor organizations whose members primarily work in health care facilities to ask their members' permission to use dues for some types of political spending. Specifically, the measure requires labor organizations to get written

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consent from a majority of a quorum—defined by the measure to mean two-thirds of the organization’s membership—before using dues to make certain political expenditures related to state and local ballot measures. (In effect, this would require one-third of members to provide written consent.) For example, written consent would be required before the labor organization could make payments of \$1 million or more in a calendar year to support or oppose a specific state ballot measure. While under current law the Fair Political Practices Commission interprets and enforces existing campaign finance and disclosure requirements, the measure would require labor organizations to submit to the state Labor Commissioner (who enforces laws related to wages, hours of work, and conditions of employment) records of members’ consent for each applicable political expenditure. If the Labor Commissioner found a labor organization failed to follow the requirements of the measure, financial penalties would be levied on the organization.

Require Health-Related Labor Organizations to Report Political Spending Information to Members. The measure would require larger health-related labor organizations to report to their members and to the public specific information about the organization’s political activities. On or before January 31 of each year, each health-related labor organization of a certain size would need to mail and e-mail the reported information to each member and post the reported information prominently on the organization’s website. The reported information would include information that reflects total political spending—for example, to support candidates for elective offices and ballot measures—as well as information about the share of this spending paid by each member. The labor organizations also would be required to include a statement informing members that they have the right to opt-out of financially supporting some or all of the organization’s political spending.

Fiscal Effects

Assume Measure Goes Into Effect. Our analysis assumes that the measure goes into effect in its entirety. The fiscal effect could be different if a court determined the measure—whether in whole or in part—inhibits political spending and activities by the impacted labor organizations such that it would impede their right to free speech.

New Workload for Labor Commissioner. Depending on the number and complexity of written consent records received and investigations conducted each year, the measure likely would increase annual Labor Commissioner costs by millions of dollars. Some portion of these costs could be reimbursed through penalties under the measure. Future decisions by the Labor Commissioner could result in higher costs; however, any such costs would not be directly attributable to the requirements of the measure. For example, costs could be substantially higher, at least on a one-time basis, if the Labor Commissioner were to establish a new information technology system that allowed health care labor organizations to submit and for organization members to access these records electronically.

Summary of Fiscal Effects. We estimate that the measure would have the following major fiscal effect:

- Increased annual state costs, potentially in the range of millions of dollars, with some costs paid for by penalties created by the measure.

Sincerely,

for Gabriel Petek
Legislative Analyst

for Joe Stephenshaw
Director of Finance