



FROM THE OFFICE OF SENATE MAJORITY LEADER

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SB 1337 (Gonzalez) Referendum Funding Transparency

SUMMARY

Senate Bill (SB) 1337 will provide California voters with additional transparency about the entities and corporations that fund referendum measures to overturn existing law.

EXISTING LAW

Article II § 9 of the California Constitution provides for the referendum process. In 1911 the power of referendum, as well as initiative and recall, were added to the Constitution to counter the influence of the railroad industry over state policies¹ The referendum process allows voters to approve or reject many statutes enacted by the Legislature and signed by the Governor.

In an effort to reduce voter confusion and increase transparency, Assembly Bill (AB) 421 (Bryan, Chapter 162, Statutes of 2023) updated the language that is required to appear on the ballot for a state referendum from “yes” or “no” to “keep the law” or “overturn the law.” AB 421 also required the top funders of an effort to qualify a state referendum to be listed in the voter information guide.

Finally, AB 421 aligned the rules to withdraw a referendum from the ballot with the rules to withdraw state initiatives, allowing proponents to withdraw a referendum after the petition and signatures have been submitted to elections officials, but before it qualifies for the ballot.

BACKGROUND/PROBLEM

Large corporations are increasingly utilizing the referendum process to undermine the work of California’s elected leaders, for their own financial benefit.² Recent examples of industry using the referendum process to circumvent the Legislature include:

- **Flavored Tobacco Ban:** After SB 793 (Hill, Chapter 34, Statutes of 2020) was signed into law, Big Tobacco spent millions of dollars trying to overturn the ban, by qualifying Proposition 31 for the ballot in 2022. Voters saw through the scheme, and overwhelmingly voted down the referendum.
- **Fair Wages for Workers:** AB 257 (Holden, Chapter 257, Statutes of 2022) established first-in-the-nation standards for fast food workers. The fast food industry then spent millions of dollars to qualify a referendum measure for the ballot, before an alternative agreement was ultimately reached, preserving workers’ rights while allowing for a method to incorporate input from the fast food industry.

These are just a few of the most recent attempts by large corporations to mislead the public and undermine the democratic legislative process for their own financial gain.

Under current law, referendum petition circulators must carry a sheet identifying the top funders of the signature drive. However, most voters are unaware the information is available. Anecdotal evidence suggests that this requirement is routinely ignored by paid circulators, who refuse to produce the top-funders sheet when asked.

¹ <https://www.latimes.com/california/story/2023-02-08/oil-referendum-setbacks-california>

² <https://www.capradio.org/articles/2020/11/06/voters-help-big-business-override-california-lawmakers/>

SOLUTION

SB 1337 will make it harder for petition gatherers to mislead voters by making available information about the funders behind the campaign. Empowering voters to transparently view the funders of an effort to overturn state law will allow for more informed decision-making. This bill builds on the transparency requirements enacted by AB 421 (Bryan, Chapter 162, Statutes of 2023).

SB 1337 will require that the top three funders of a referendum petition appear directly on the signature petition, rather than on a separate piece of paper. This bill will require signers of the petition to also mark their initials next to a statement that they have reviewed the top funders. Finally, SB 1337 will require that all petitions be updated to reflect changes in top funder information within five business days, only if there is a new top funder.

SUPPORT

SEIU California (sponsor)

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