

AMENDED IN ASSEMBLY AUGUST 11, 2014

AMENDED IN ASSEMBLY JUNE 12, 2014

**SENATE BILL**

**No. 867**

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**Introduced by Committee on Budget and Fiscal Review**

January 9, 2014

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An act to amend Section 12975.9 of the Insurance Code, relating to property insurance relating to elections, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 867, as amended, Committee on Budget and Fiscal Review. ~~Property insurance: Seismic Safety Account. State reserve fund ballot measure.~~

*Existing law provides that each statewide ballot measure submitted to the voters be designated by a numeral, which shall be the designation by which the measure is identified on the ballot and in the state ballot pamphlet. Under existing law, beginning with the November 3, 1998, statewide general election, all statewide ballot measures are numbered in a continuous sequence, commencing with the number "1" and continuing in numerical sequence for a period of 10 years, after which the numbering sequence recommences with the number "1" at the next statewide election.*

*Existing law permits the Legislature to propose to the voters amendments to the California Constitution. At the 2013–14 Second Extraordinary Session, the Legislature adopted Assembly Constitutional Amendment 1, which proposes a constitutional amendment relating to the establishment of state reserve funds in the State Treasury. Assembly Constitutional Amendment 1 is scheduled to be submitted to the voters at the November 4, 2014, statewide general election.*

*This bill would provide that, notwithstanding the requirements described above regarding the numbering of statewide ballot measures, Assembly Constitutional Amendment 1 of the 2013–14 Second Extraordinary Session shall be designated as “Proposition 2” for purposes of the ballot, the sample ballot, the state ballot pamphlet, and the local voter’s pamphlet, and shall be placed as the 2nd ballot measure on the November 4, 2014, statewide general election ballot. The bill would further direct that any reference in the state ballot pamphlet or in a candidate’s statement to “Proposition 44” shall be changed to “Proposition 2” prior to final publication of the state ballot pamphlet or the voter’s pamphlet that contains the candidate’s statement.*

*This bill would declare that it is to take effect immediately as an urgency statute.*

~~Existing law created the Seismic Safety Account as a special account within the Insurance Fund with the funds to be distributed, upon appropriation, to the Alfred E. Alquist Seismic Safety Commission for the support of the commission and to the Department of Insurance for the actual administrative costs incurred in collecting the assessments. In order to fund the account, an assessment, as specified, is imposed on each person who owns real property, commercial or residential, that is covered by a property insurance policy.~~

~~This bill would extend that assessment to each person who rents or leases real property, commercial or residential, that is covered by a property insurance policy.~~

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: *yes-no*.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 *SECTION 1. (a) Notwithstanding Section 13117 of the*
- 2 *Elections Code or any other provision of law, Assembly*
- 3 *Constitutional Amendment 1 of the 2013–14 Second Extraordinary*
- 4 *Session (Resolution Chapter 1 of the 2013–14 Second*
- 5 *Extraordinary Session) shall be designated as “Proposition 2”*
- 6 *for purposes of the ballot and the state ballot pamphlet and shall*
- 7 *be placed as the second ballot measure on the November 4, 2014,*
- 8 *statewide general election ballot. If any material submitted to the*
- 9 *Secretary of State for inclusion in the state ballot pamphlet contains*

1 a reference to “Proposition 44,” the Secretary of State shall revise  
2 the material by substituting “Proposition 2” for “Proposition 44”  
3 prior to final publication of the state ballot pamphlet.

4 (b) Assembly Constitutional Amendment 1 of the 2013–14  
5 Second Extraordinary Session shall be referred to in any sample  
6 ballot or voter’s pamphlet prepared pursuant to Chapter 4  
7 (commencing with Section 13300) of Division 13 of the Elections  
8 Code as “Proposition 2.” Notwithstanding any other provision of  
9 law, if any statement submitted by a candidate for inclusion in the  
10 voter’s pamphlet contains a reference to “Proposition 44,” the  
11 county elections official shall revise the statement by substituting  
12 “Proposition 2” for “Proposition 44” prior to final publication  
13 of the voter’s pamphlet that contains the candidate’s statement.

14 SEC. 2. This act is an urgency statute necessary for the  
15 immediate preservation of the public peace, health, or safety within  
16 the meaning of Article IV of the Constitution and shall go into  
17 immediate effect. The facts constituting the necessity are:

18 In order for Assembly Constitutional Amendment 1 of the  
19 2013–14 Second Extraordinary Session to be properly designated  
20 on the ballot and in the state ballot pamphlet for the November 4,  
21 2014, statewide general election, it is necessary that this act take  
22 effect immediately.

23 ~~SECTION 1. Section 12975.9 of the Insurance Code is~~  
24 ~~amended to read:~~

25 ~~12975.9. (a) The Seismic Safety Account is hereby created as~~  
26 ~~a special account within the Insurance Fund. Moneys in the account~~  
27 ~~are available, upon appropriation by the Legislature, for the~~  
28 ~~purposes of this section to fund the department and the Alfred E.~~  
29 ~~Alquist Seismic Safety Commission.~~

30 ~~(b) There is hereby imposed an assessment on each person who~~  
31 ~~owns, rents, or leases real property, commercial or residential, that~~  
32 ~~is insured by a property insurance policy. The department shall~~  
33 ~~calculate the annual assessment to be charged to each commercial~~  
34 ~~and residential earned property exposure. The assessment shall be~~  
35 ~~set annually every August 1, beginning August 1, 2014, for all~~  
36 ~~commercial and residential earned property exposures reported~~  
37 ~~during the previous calendar year. The annual assessment shall be~~  
38 ~~set at fifteen cents (\$0.15) per earned property exposure for the~~  
39 ~~first three years of the implementation of this section. Each year~~  
40 ~~thereafter, the annual assessment shall be based upon the number~~

1 of earned property exposures from both commercial and residential  
2 insurance policies, the amount required for the support of the  
3 Alfred E. Alquist Seismic Safety Commission, the actual collection  
4 and administrative costs of the department, and the maintenance  
5 of an adequate reserve, but shall not exceed fifteen cents (\$0.15)  
6 per earned property exposure.

7 (e) ~~The insurer, upon receipt of an invoice from the department,  
8 shall transmit payment to the department for deposit into the  
9 Seismic Safety Account. The insurer shall recover the assessment  
10 from the insured, unless the insurer elects to pay the assessment  
11 on the insured's behalf. The insurer may provide a description of  
12 the assessment to the insured as part of its billing statement. Any  
13 deficiency or excess in the amount collected in relation to the  
14 appropriation authority for the commission and the department  
15 shall be accounted for in the subsequent annual fee calculation.  
16 Any balance remaining in the Seismic Safety Account at the end  
17 of each fiscal year shall be retained in the account and carried  
18 forward to the next fiscal year.~~

19 (d) ~~Funds in the Seismic Safety Account shall be distributed,  
20 upon appropriation by the Legislature, to the Alfred E. Alquist  
21 Seismic Safety Commission for the support of the commission  
22 and to the department for the actual administrative costs incurred  
23 in collecting the assessments.~~

24 (e) ~~Any assessment collected from an insured that has not been  
25 remitted to the department shall be a debt owed to the state by the  
26 insurer. This part does not impose any obligation upon an insurer  
27 to take any legal action to enforce the collection of the assessment  
28 imposed by this section.~~

29 (f) ~~Payment of the assessment shall be considered delinquent  
30 if not paid within 45 days of the invoice date. The department is  
31 authorized to charge a late fee of 1.5 percent per month of the  
32 balance due, compounded monthly, for any amount not paid within  
33 this period in accordance with Section 12995.~~

34 (g) (1) ~~Notwithstanding Section 10231.5 of the Government  
35 Code, the department shall report by December 1 of each year,  
36 beginning on December 1, 2014, to the Legislature, the Alfred E.  
37 Alquist Seismic Safety Commission, and the Department of  
38 Finance on the assessment calculation methodology employed.~~

1     ~~(2) A report to be submitted to the Legislature pursuant to this~~  
2     ~~subdivision shall be submitted in compliance with Section 9795~~  
3     ~~of the Government Code.~~

4     ~~SEC. 2. This act is an urgency statute necessary for the~~  
5     ~~immediate preservation of the public peace, health, or safety within~~  
6     ~~the meaning of Article IV of the Constitution and shall go into~~  
7     ~~immediate effect. The facts constituting the necessity are:~~

8     ~~In order to protect the public from the continuing threat of loss~~  
9     ~~of life and property damage due to earthquakes, it is necessary that~~  
10    ~~this act take effect immediately.~~

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