

December 19, 2017

Via Personal Delivery

Ashley Johansson
Initiative Coordinator
Office of the Attorney General
State of California
1300 I Street, 17th Fl.
Sacramento, CA 95814

RECEIVED**DEC 19 2017****INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE**

Re: Submission of Amendment to Statewide Initiative Measure - "The California Care Act," No. 17-0047; Request to Prepare Circulating Title and Summary

Dear Ms. Johansson,

On November 14, 2017, the proponents of a proposed statewide initiative titled "The California Care Act" ("Initiative") submitted a request that the Attorney General prepare a circulating title and summary pursuant to section 10(d) of Article II of the California Constitution and section 9001 of the California Elections Code.

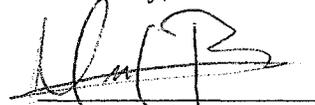
Pursuant to Elections Code section 9002(b), the proponents hereby submit timely amendments to the text of the Initiative. As one of the proponents of the Initiative, I approve the submission of the amended text to the Initiative and I declare that the amendment is reasonably germane to the theme, purpose, and subject of the Initiative. I request that the Attorney General prepare a circulating title and summary using the amended Initiative.

Please continue to direct all further inquiries and correspondence regarding this proposed measure to the following persons:

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Darin Ranahan, Esq.
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Sincerely,

By



Michael Borges

December 19, 2017

Via Personal Delivery

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Sincerely,

By


Benjamin Tracey

The California Care Act of 2018 – As Amended December 19, 2017

Section 1: Title

This measure shall be known and may be cited as “The California Care Act of 2018.”

Section 2: Findings and Declarations

The people of the state of California hereby find and declare as follows:

(a) Every Californian deserves access to high quality health care. Health care is at the heart of every California community. Communities thrive when there is adequate health care access: the workforce is more vibrant, children succeed in school, and the economy grows.

(b) Unmet health care needs take people out of the workforce, worsen income inequality, and slow California’s economy. California is a wealthy state and can do more to improve its health care system.

(c) Even though recent reforms have made great gains in expanding health insurance coverage, many Californians still rely on the health care safety net, most notably hospitals and clinics serving high numbers of low-income Californians. When these vital providers struggle to keep their doors open, health care for millions is put at risk.

(d) More than 170 communities in California are designated as medically underserved areas, meaning they have high infant mortality, too few health care providers, and other health risk factors. These include inner city neighborhoods and rural communities alike. Hospitals in these areas that see the most uninsured patients and Medi-Cal beneficiaries are the backbone of California’s safety net and, without additional support, they are at high risk of closing their doors or cutting back on services. Moreover, they face perennial staffing shortages due to the low supply of qualified frontline health care workers, particularly in medically underserved areas, which limit their capacity to provide safety net health care services.

(e) California’s clinics, including Federally Qualified Health Centers, serve one in seven Californians and provide 19 million primary care visits each year. However, demand for their services far outpaces their capacity to provide such services. Moreover, there are too few frontline health care workers to meet their needs. This leads to long wait times or long drives to see specialists, and unnecessary trips to emergency rooms when primary care is not available.

(f) California’s health care workforce shortage, with an expected shortfall of hundreds of thousands of skilled health care workers within the next decade, limits the ability of safety net hospitals and clinics to provide services to the indigent. California’s health care system lacks capable professionals with the language and cultural skills necessary to serve its remarkably diverse populations, a diversity that is particularly pronounced among the patients served by safety net hospitals and clinics. Moreover, rapidly changing skill and competency demands for the health care workforce have resulted in a shortage of adequately trained health care professionals. To meet these growing needs, the California Care Act will fund education for new frontline health care workers, support for paid interns

working in health care as they complete their licensure requirements, and additional training for the current workforce to advance.

(g) The California Care Act will strengthen California’s health care safety net by investing in safety net hospitals and community clinics serving high numbers of low-income Californians, and in the state’s frontline workforce. Its new funding is directly targeted at the communities and patients who need it the most.

(h) The California Care Act makes California’s tax rates fairer by imposing new taxes on earnings in excess of \$1,000,000. This modest and tailored new tax ensures that the very wealthy contribute their fair share to benefit the safety net. Moreover, a tax on only the wealthy avoids exacerbating the income inequality caused in part by low-income individuals’ inadequate access to medical care.

(i) Under the California Care Act, all tax revenue from this Act is guaranteed to go directly to health care. The funds are placed in a special fund that the Legislature cannot use for other purposes, and none of the funds can be spent on state bureaucracy or administrative costs unrelated to this Act.

(j) Moneys raised by the California Care Act will be subject to stringent oversight to ensure the money is spent as intended to benefit Californians, without interference from the Legislature. Elected officials will be subject to prosecution and criminal penalties if they misuse the funds.

Section 3: Purpose and Intent

The purpose and intent of the voters in enacting the California Care Act is to strengthen California’s health care safety net to improve access to health care for all Californians. It is the purpose and intent of the voters to prevent the Legislature from diverting money raised by this Act to other purposes. The Act does this both by eliminating the ability of the Legislature to appropriate these funds for other purposes and by providing for oversight of appropriations.

Section 4: Imposition of Voter-Approved Taxes on Individuals Earning More Than \$1,000,000 Per Year to Patch the Safety Net for Low-Income Californians

Section 36.5 is added to Article XIII of the California Constitution as follows:

(a) Millionaire Tax.

(1) For any taxable year beginning on or after January 1, 2019, there shall be added to the taxes imposed by Part 10 of Division 2 of the Revenue and Taxation Code an additional tax at the rate of one percent (1%) on that portion of a taxpayer’s taxable income in excess of one million dollars (\$1,000,000).

(2) For purposes of subdivision (g) of Section 19136 of the Revenue and Taxation Code, this subdivision shall be considered to be chaptered on November 7, 2018.

(3) For purposes of Part 10.2 of Division 2 of the Revenue and Taxation Code, the tax established by this subdivision shall be treated as if imposed under Section 17041 of the Revenue and Taxation Code, except as otherwise set forth in this subdivision.

(4) The following shall not apply to the tax imposed by this subdivision:

(A) The provisions of Section 17039 of the Revenue and Taxation Code, relating to the allowance of credits.

(B) The provisions of Section 17041 of the Revenue and Taxation Code, relating to filing status and recomputation of the income tax brackets.

(C) The provisions of Section 17045 of the Revenue and Taxation Code, relating to joint returns.

(b) Revenues to be Protected for California Care Fund.

(1) The revenues and appropriations resulting from this Section 36.5 of Article XIII of the California Constitution (“this Section”) shall not be (A) deemed General Fund revenues or proceeds of taxes; (B) included in any of the calculations required by Section 8 of Article XVI of the California Constitution; (C) counted as appropriations subject to limitation for purposes of Article XIII B of the California Constitution for any government entity, including but not limited to the State and any local healthcare districts that receive distributions pursuant to subdivision (d); or (D) credited to the Personal Income Tax Fund pursuant to Section 19602 of the Revenue and Taxation Code.

(2) This Section is self-executing and requires no legislative action to take effect. Distribution of the moneys into the California Care Fund established by subdivision (c) and its accounts shall not be delayed or otherwise affected by failure of the Legislature and Governor to enact an annual budget bill pursuant to Section 12 of Article IV of the California Constitution, by invocation of subdivision (h) of Section 8 of Article XVI of the California Constitution, or by any other action or failure to act by the Legislature or Governor.

(3) Administrative costs to the State resulting from implementing this Section shall be paid for out of the California Care Fund.

(c) Distribution to California Care Fund; Limitation on California Care Fund; Maintenance of Effort.

(1) The California Care Fund is hereby established in the State Treasury.

(A) The fund shall be administered by the California Health and Human Services Agency (“HHSA”).

The California Care Act of 2018 – As Amended December 19, 2017

(B) Notwithstanding section 13340 of the Government Code, all moneys in the fund are continuously appropriated, without regard to fiscal years, for the purpose of funding the programs and other related activities set forth in this Section.

(C) All revenues, less refunds, derived from the tax in subdivision (a) shall be deposited into the California Care Fund.

(2) The Controller shall deposit into the California Care Fund on a quarterly basis an amount calculated as follows:

(A) Before June 30 of each year, the Director of Finance shall estimate the total amount of additional revenues, less refunds, that will be derived from the tax in subdivision (a) that will be available for transfer into the California Care Fund during the next fiscal year. The Director of Finance shall make the same estimate by January 10, 2019 for additional revenues, less refunds, that will be received by the end of the 2018-19 fiscal year.

(B) During the last 10 days of the quarter of each of the first three quarters of each fiscal year from fiscal year 2019-20 forward, the Controller shall transfer into the California Care Fund one-fourth of the total amount estimated pursuant to subparagraph (A) for that fiscal year, except as this amount may be adjusted pursuant to subparagraph (D).

(C) In each fiscal year, the Director of Finance shall calculate an adjustment to the California Care Fund, as specified by subparagraph (D), by adding together the following amounts, as applicable:

(i) In the last quarter of each fiscal year, the Director of Finance shall recalculate the estimate made for the fiscal year pursuant to subparagraph (A), and shall subtract from this updated estimate the amounts previously transferred to the California Care Fund for that fiscal year.

(ii) Beginning in June 2021, the Director of Finance shall every June make a final determination of the amount of additional revenues, less refunds, derived from the increases in tax in subdivision (a) for the fiscal year ending two years prior. The amount of the updated estimate calculated in clause (i) of subparagraph (C) for the fiscal year ending two years prior shall be subtracted from the amount of this final determination.

(D) If the sum determined pursuant to subparagraph (C) is positive, the Controller shall transfer an amount equal to that sum into the California Care Fund within 10 days preceding the end of the fiscal year. If that amount is negative, the Controller shall suspend or reduce subsequent quarterly transfers, if any, to the California Care Fund until the total reduction equals the negative amount herein described. For purposes of any calculation made pursuant to clause (i) of subparagraph (C), the amount of a quarterly transfer shall not be modified to reflect any suspension or reduction made pursuant to this subparagraph.

(3)(A) Prior to distributing money in the California Care Fund to the different accounts as set forth in subparagraph (B), HHSa shall allocate a reasonable amount not to exceed one

percent (1%) of total revenues from the tax established by subdivision (a) to cover administrative costs for implementing this Section pursuant to paragraph (3) of subdivision (b).

(B) After accounting for administrative costs pursuant to subparagraph (A), HHSA shall allocate and distribute the remainder of the California Care Fund as follows:

- (i) Seventy percent (70%) shall be deposited in a Safety Net Hospital Account for expenditures pursuant to subdivision (d);
- (ii) Twenty-five percent (25%) shall be deposited in a Community Health Clinic Account for expenditures pursuant to subdivision (e); and
- (iii) Five percent (5%) shall be deposited in a Health Care Workforce Training Account for expenditures pursuant to subdivision (f).

(C) The allocations set forth in subparagraphs (A) and (B) shall take place as soon as practicable following depositing of such funds pursuant to paragraph (2), but in no event later than one month following deposit of any such funds.

(4) All revenues generated by the tax in subdivision (a) shall be used exclusively for the purposes set forth in this Section.

(5)(A) Moneys expended or distributed from the California Care Fund shall supplement, and shall not be used to supplant or replace, other public funds supporting medical care, public health, or health care sector job training.

(B) In order to ensure that the monies from the California Care Fund are used to enhance and not supplant funding for medical care, public health, or health care sector job training, the Controller shall examine and investigate appropriations from the California Care Fund each year as part of the annual audit set forth in paragraph (1) of subdivision (g).

(d) Safety Net Hospital Account.

(1) An account in the California Care Fund named “the Safety Net Hospital Account” is hereby established.

(2) All moneys in the Safety Net Hospital Account are hereby continuously appropriated for the purpose of supporting Safety Net Hospitals that serve a high number of low-income patients.

(3) Only Safety Net Hospitals, as defined herein, shall be eligible for distributions from the Safety Net Hospital Account.

(4)(A) A “Safety Net Hospital” is a hospital that:

- (i) is licensed as a general acute care hospital pursuant to subdivision (a) of section 1250 of the Health and Safety Code;

(ii) meets the definition of a “disproportionate share hospital” set forth in subdivisions (b) and (d) of 42 U.S.C. section 1396r-4;

(iii) meets the definition of an “eligible hospital” set forth in paragraph (3) of subdivision (a) of section 14105.98 of the Welfare and Institutions Code as in effect on January 1, 2018;

(iv) is located in a Medically Underserved Area or Medically Underserved Population as designated by the United States Department of Health and Human Services, Health Resources and Services Administration; and

(v) is licensed to either (I) a non-profit corporation as defined by Corporations Code section 5046 or (II) a local health care district operating pursuant to division 23 of the Health and Safety Code.

(B)(i) HHSA shall determine which hospitals qualify as Safety Net Hospitals pursuant to subparagraph (A). The first determination shall be made by January 2019 based on each hospital’s characteristics as of January 1, 2018. HHSA shall make further eligibility determinations every five years beginning in January 2024 based on the most recent information available.

(ii) From January 2024 forward, should a hospital that previously qualified as a Safety Net Hospital no longer qualify as such, it shall nevertheless remain eligible to receive distributions from the Safety Net Hospital Account proportionate to its share of Adjusted Medi-Cal Patient Days for (I) two years following a determination that it is no longer a Safety Net Hospital; and, after that, (II) such additional time as HHSA deems necessary, in its sole discretion, to further the objective of this Act to support the health care safety net statewide.

(5)(A) Ninety percent (90%) of the Safety Net Hospital Account shall be distributed to Safety Net Hospitals licensed to non-profit corporations and ten percent (10%) of the Safety Net Hospital Account shall be distributed to hospitals licensed to local health care districts, as determined pursuant to clause (v) of subparagraph (A) of paragraph (4).

(B)(i) Within each of these groups, funds shall be distributed in proportion to the number of Average Adjusted Medi-Cal Patient Days, as defined in subparagraph (C), that an individual Safety Net Hospital provides relative to the sum of Average Adjusted Medi-Cal Patient Days provided by its respective group of non-profit or local health care district Safety Net Hospitals.

(ii) Should a hospital eligible for distributions from the Safety Net Hospital Account cease operations or otherwise cease to be eligible for distributions, its allocation from the Safety Net Hospital Account shall be reallocated to the other hospitals eligible for a distribution from the Safety Net Hospital Account in the same non-profit or local health care district hospital grouping on a pro rata basis proportionate to each hospital’s share of Average Adjusted Medi-Cal Patient Days relative to the sum of Average Adjusted Medi-Cal Patient Days performed by its respective group of non-profit or local health care district hospitals

eligible for a distribution, excluding Average Adjusted Medi-Cal Patient Days for any nonoperational or otherwise ineligible hospital.

(C)(i) Between January 2019 and December 2023, inclusive, each Safety Net Hospital's Adjusted Medi-Cal Patient Days, as defined in clause (iii), based on the latest audited data available as of January 1, 2018 shall be deemed to be its Average Adjusted Medi-Cal Patient Days.

(ii) Beginning in January 2024, each Safety Net Hospital's Average Adjusted Medi-Cal Patient Days shall be calculated every five years in January based on an average of the Adjusted Medi-Cal Patient Days, as defined in clause (iii), for the latest available previous five (5) years of audited data. In no event shall data more than seven (7) years old be factored into Average Adjusted Medi-Cal Patient Days.

(iii) Each year's Adjusted Medi-Cal Patient Days shall be calculated by multiplying each Safety Net Hospital's total Medi-Cal inpatient days in one year by the ratio of its gross Medi-Cal revenue to gross inpatient Medi-Cal revenue in the same year, including both fee-for-service and managed care payment modalities.

(iv) Should a hospital cease to qualify as a Safety Net Hospital but stay eligible for distributions pursuant to clause (ii) of subparagraph (B) of paragraph (4), its Average Adjusted Medi-Cal Patient Days shall nevertheless continue to be recalculated pursuant to this subparagraph.

(v) Funds distributed pursuant to this Section shall play no role in the calculation of Adjusted Medi-Cal Patient Days.

(D) HHSA shall be responsible for completing the calculations, allocations, and distributions set forth in this paragraph. HHSA shall make such calculations every five years in January, beginning in January 2019, as well as every time a change in circumstances requires recalculation of qualifying hospitals' distributions, pursuant to clause (ii) of subparagraph (B). HHSA shall make all required calculations, allocations, and distributions as soon as practicable following each quarterly transfer of moneys into the Safety Net Hospital Account, but in no event later than one month following each quarterly transfer of moneys into the Safety Net Hospital Account.

(6) Hospitals that receive distributions from the Safety Net Hospital Account shall spend those funds consistent with the purpose of this Act to improve the health and well-being of their communities and all community members—including children, the elderly, people with disabilities, the impoverished, the indigent, and all persons in need of professional medical and health care services—and generally to support hospitals' abilities to offer quality, accessible health care in their respective service areas.

(7) Consistent with paragraph (5) of subdivision (c), moneys distributed from the Safety Net Hospital Account shall not serve, to the maximum extent permissible by federal law, to offset any other public funding, including but not limited to as follows:

(A) it shall not be considered reimbursement by any payor for services rendered;

(B) it shall not be factored into any formula providing for distribution of funds to health care providers, including formulas utilized by disproportionate share hospital (DSH) programs; and

(C) it shall not be considered as a factor in the award of any discretionary grants or other discretionary funding sources.

(e) Community Health Clinic Account.

(1) An account named “the Community Health Clinic Account” is hereby established in the California Care Fund.

(2) All moneys in the Community Health Clinic Account are hereby continuously appropriated for improving access to primary care, including by supporting qualifying Community Health Clinics and Qualified Primary Care Providers.

(A) Only Community Health Clinics and Qualified Primary Care Providers, as defined in this subparagraph, shall be eligible for distributions from the Community Health Clinic Account.

(B) A “Community Health Clinic” is a primary care clinic that is licensed under subparagraphs (A) or (B) of paragraph (1) of subdivision (a) of Health and Safety Code section 1204.

(C) A “Qualified Primary Care Provider” is an entity that is not licensed under subparagraphs (A) or (B) of paragraph (1) of subdivision (a) of Health and Safety Code section 1204, but nevertheless provides substantially similar services to those entities that are so licensed. HHSA shall by regulation establish standards for qualifying as a Qualified Primary Care Provider.

(3) HHSA shall develop a formula for distributing money in the Community Health Clinic Account to Community Health Clinics and Qualified Primary Care Providers, and shall distribute such money according to this formula. This formula shall be designed to further the purpose and intent of the California Care Act, but the particular methodology by which it does so shall be in the discretion of HHSA. Nothing in this subparagraph shall be interpreted as requiring all qualifying Community Health Clinics and Qualified Primary Care Providers to receive funds. HHSA may develop a formula that takes into account whichever metrics it deems necessary to best effectuate the objectives of this Section, including but not limited to geographic need.

(4) Entities that receive distributions from the Community Health Clinic Account shall spend those distributions consistent with the purpose of this Act to improve the health and well-being of their communities and all community members—including children, the elderly, people with disabilities, the impoverished, the indigent, and all persons in need of professional medical and health care services—and generally to support the clinics’ abilities to offer quality, accessible health care in their service areas. No part of the

Community Health Clinic Account shall be spent on activities not permitted by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and its regulations.

(5) Consistent with paragraph (5) of subdivision (c), money distributed from the Community Health Clinic Account shall not serve, to the maximum extent permissible by federal law, to offset any other public funding, including but not limited to as follows:

(A) it shall not be considered reimbursement by any payor for services rendered;

(B) it shall not be factored into any formula providing for distribution of funds to health care providers; and

(C) it shall not be considered as a factor in the award of any discretionary grants or other discretionary funding sources.

(f) Health Care Workforce Training Account.

(1) An account named “the Health Care Workforce Training Account” is hereby established in the California Care Fund.

(2) All moneys in the Health Care Workforce Training Account are hereby continuously appropriated for the following purposes:

(A) HHSa shall establish a Health Care Workforce Training Panel to administer the Health Care Workforce Training Account.

(i) This Panel shall consist of eight persons appointed by the Governor, four of whom shall be labor representatives and four of whom shall be representatives from the health care industry.

(ii) The Governor may appoint an executive director of this Panel, who shall thereafter perform all duties, exercise all powers, discharge all responsibilities, and administer and enforce all laws, rules, and regulations under the jurisdiction of the Panel, with the approval of the Panel. If no executive director is appointed, the Governor shall retain full administrative and enforcement authority over the Panel. In the event of a tie in a decision of the Panel, the executive director shall serve as the tie-breaking vote.

(B) The Panel shall appropriate money from the Health Care Workforce Training Account to distribute grants for, or to contract with other entities to establish, health care industry workforce development and training projects intended to increase the availability of frontline health care workers in California.

(C) “Frontline health care workers” shall be defined as workers who provide direct patient care and supporting services in health care facilities that provide primary, outpatient, or acute care, including practical and vocational nurses, nursing aides, medical assistants, patient care technicians, environmental services workers, mental health counselors and

aides, medical equipment preparers, dietary technicians and aides, occupational therapy assistants and aides, administrative personnel, and others. Moneys from the Health Care Workforce Training Account shall not be used to support training programs targeted at individuals licensed or registered, or seeking to become licensed or registered, pursuant to Chapter 5 of Division 2 of the Business and Professions Code.

(D) The Panel shall use the Health Care Workforce Training Account to fund projects consistent with priorities to be set by the Panel annually. In setting its annual priorities and allocating money from the Health Care Workforce Training Account, the Panel shall give priority to projects that best advance the following goals:

(i) training new frontline health care workers entering the workforce for the first time or entering employment as a frontline health care worker from another field;

(ii) training frontline health care workers with the aim of enabling them to transition into higher-paid frontline health care jobs; and

(iii) training frontline health care workers by means of paid internships or by otherwise providing wages to trainees during some or all of the training period.

(3) The Panel may adopt by regulation procedures for the conduct of its business.

(4) Consistent with paragraph (5) of subdivision (c), money distributed from the Health Care Workforce Training Account shall not serve, to the maximum extent permissible by federal law, to offset any other public funding, including but not limited to as follows:

(A) it shall not be factored into any formula providing for distribution of funds to providers of health care or education; and

(B) it shall not be considered as a factor in the award of any discretionary grants or other discretionary funding sources.

(g) Enforcement and Transparency.

(1) The Controller, pursuant to his or her statutory authority, shall at least annually conduct a financial and compliance audit of expenditures from the California Care Fund to ascertain and verify that moneys provided from the California Care Fund have been properly disbursed and expended as required. Reasonable expenses incurred by state and local agencies to comply with the audit requirement of this Section may be paid with funding from the California Care Fund from the portion set aside for administrative costs pursuant to subparagraph (A) of paragraph (3) of subdivision (c). As part of its audit, the Controller shall assess what portion of total expenditures are attributable to administrative costs and assess administrative costs for efficiency.

(2) All documents generated in the course of implementation of this Section by state agencies that are public records pursuant to the California Public Records Act, Government Code Section 6250 *et seq.*, shall be posted online and linked from the home page of the state

agency that generated the documents with the words “Documents Related to Implementing the California Care Act” in no less than ten (10) point font. All hearings that are required to be open to the public pursuant to the Administrative Procedures Act, Government Code Section 11340 *et seq.*, shall be webcast live and available online for no less than one year after the date of the hearing. Reasonable expenses incurred by state and local agencies to comply with this subdivision may be paid with funding from the California Care Fund out of the portion set aside for administrative costs pursuant to subparagraph (A) of paragraph (3) of subdivision (c).

(3) The Attorney General or local district attorney shall expeditiously investigate, and may seek civil or criminal penalties for, any misuse of moneys from the California Care Fund by any government agency. In addition, the Attorney General may bring an action to recover any portion of the California Care Fund incorrectly distributed as a result of a recipient misreporting information to the State or its agencies. Any funds so recovered shall be redistributed as they would have initially been distributed but for the misreported information. The Attorney General may seek civil and criminal penalties in an amount at the discretion of a judge from any recipient found to have willfully misreported information in order to receive a higher distribution from the California Care Fund under this subdivision.

Section 5: Conflicting Measures

In the event that this measure and another measure or measures imposing an increase in the tax rates for personal income appear on the same statewide ballot, the provisions of the other measure or measures shall not be deemed to be in conflict with this measure. In the event that two or more of such measures pass, the provisions of all passing measures shall prevail in their entirety.

Section 6: Legal Challenges

(a) Notwithstanding any other provision of law, and to ensure that the purposes and intent of this Act are effectuated, a court shall exercise its independent judgment in adjudicating any claim that this Act has been violated.

(b) Notwithstanding any other provision of law, if the State, government agency, or any of its officials fail to defend the constitutionality of this Act, following its approval by the voters, any other government entity, the proponent, or in his or her absence, any citizen of this State shall have the authority to intervene in any court action challenging the constitutionality of this Act for the purpose of defending its constitutionality, whether such action is in trial court, on appeal, or on discretionary review by the Supreme Court of California or the Supreme Court of the United States. The fees and costs of defending the action shall be a charge on funds appropriated to the Attorney General, which shall be satisfied promptly.

Section 7: Severability

If any provision of this measure, or any part thereof, is for any reason held to be invalid or unconstitutional, the remaining provisions shall not be affected, but shall remain in full force and effect, and to this end the provisions of this measure are severable.

Section 8: Legislative Action

The Legislature shall pass any legislation necessary to effectuate the text and purposes of this Act.

Section 9: Effective Date

Except as otherwise provided herein, the provisions of this act shall become effective January 1 of the year following passage of the act, and its provisions shall be applied prospectively.