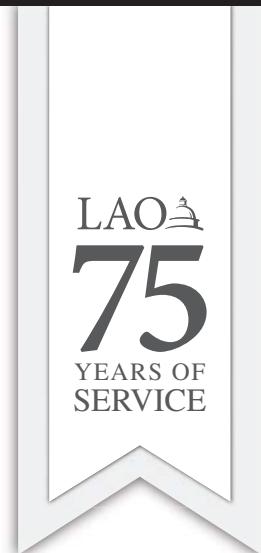


June 8, 2016

L E G I S L A T I V E A N A L Y S T ' S O F F I C E



Adult Films. Condoms. Health Requirements. Initiative Statute.

Presented to:

Assembly Committee on Labor and Employment
Hon. Roger Hernández, Chair

Assembly Committee on Arts, Entertainment,

Sports, Tourism, and Internet Media

Hon. Kansen Chu, Chair

Senate Committee on Labor and Industrial Relations

Hon. Tony Mendoza, Chair





LAO Role in Initiative Process

■ **Fiscal Analysis Prior to Signature Collection**

- State law requires our office to work with the Department of Finance to prepare a joint impartial fiscal analysis of each initiative before it can be circulated for signatures. State law requires that this analysis provide an estimate of the measure's fiscal impact on the state and local governments.
- The fiscal analysis must be submitted to the Attorney General within 50 calendar days from the initiative's submission date. A summary of the estimated fiscal impact is included on petitions that are circulated for signatures.

■ **Analyses After Measure Receives Sufficient Signatures to Qualify for the Ballot**

- State law requires our office to provide impartial analyses of all statewide ballot propositions for the statewide voter information guide, including a description of the measure and its fiscal effects.
- We are currently in the process of preparing these materials.



Background

- **California Leading Adult Film Industry Location**
- **State Regulations Already Require Adult Film Condom Use**
 - Employers required to protect their employees from harm in the workplace.
 - Existing occupational health and safety standards designed to eliminate or minimize exposure to bloodborne pathogens at all workplaces. Bloodborne pathogens include sexually transmitted infections (STIs) such as the Hepatitis B virus. Guidance for the adult film industry specifies that barrier protection—condoms—must be used.
 - The Division of Occupational Safety and Health (Cal/OSHA) in the Department of Industrial Relations enforces health and safety regulations. Recent enforcement actions against the adult film industry by Cal/OSHA have been in response to complaints.
- **Los Angeles Measure B Approved by Voters in 2012**
- **Current Industry Practice Varies**
 - Some productions comply with regulations but others do not.
 - Parts of industry express a preference for testing to reduce exposure to STIs.



Major Provisions of Proposed Initiative

Measure Would Place Additional Requirements on Adult Film Industry

- Clarifies existing condom requirement in workplace health rules.
- Requires adult film producers be licensed, provide information to state about adult film shoots.
- Extends statute of limitations for some adult film workplace health and safety violations.
- Makes distributors and agents potentially liable for violations of some adult film workplace rules.
- Allows third parties to bring civil lawsuits against adult film producers for some adult film workplace health violations if state does not.



Major Fiscal Effects of Proposed Initiative

■ Potential Reductions in Tax Revenue

- Any reduction in tax revenue is uncertain and would largely depend on how adult film industry participants respond to the expanded enforcement provisions and the new regulatory requirements. Some parts of the industry will comply. Other parts may leave the state or try to evade the law while continuing to make adult films here.
- State and local tax revenue likely would be reduced by several million dollars per year.

■ Regulatory and Enforcement Costs and Revenues

- State government costs to administer the measure may exceed \$1 million annually. New fees would cover some or all of this cost.
- The measure is expected to increase enforcement costs somewhat, which could increase employer assessments by a minor amount.
- Any penalty revenue would be deposited into the General Fund.

■ Other Fiscal Effects

- The measure may have other effects on publicly funded health and social services programs. Overall, the net effect would be minor.