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Senate Constitutional Amendment 7 – Prevent Further State Debt

BILL SUMMARY

Senate Constitutional Amendment 7 defunds Proposition 71 and repeals Article XXXV of the California Constitution, saving a billion dollars in bonds not yet issued.

ISSUE BACKGROUND

In 2004, voters passed Proposition 71, also known as the California Stem Cell Research and Cures Act. Prop 71 authorized \$3 billion in general bonds for stem cell research over a period of ten years. The proposition created the California Institute of Regenerative Medicine (CIRM), which was responsible for dispersing the funds to different organizations and universities to perform the research, outlined by the proponents.

Proposition 71's campaign made promises of widespread cures for diseases that have not been fulfilled. Television ads featuring various celebrities left voters with the impression that if Prop 71 passed, their family members with incurable diseases would be saved. The campaign also promised revenue-producing intellectual property that could eventually fund CIRM without the need for additional taxpayer money.

After several years in operation, there was bipartisan disappointment with the condition of CIRM. Conflicts of interest and poor governance led to the passage of Senate Bill 1064 (2010, Alquist) which increased the frequency of audits and reviews done by the state. Subsequent performance audits as recent as 2015 raised additional concerns about the governance of CIRM.

California voters approved a ten year stem cell program that they thought would produce widespread cures and save thousands of lives. They were also promised revenue-producing intellectual property that would help the state financially. These remain empty promises.

More than thirteen years after its passage, around \$2 billion in funds have been dispersed and \$1.2 billion has been spent on servicing the principal and interest of the debt. With a \$1.6 billion dollar budget deficit and crumbling infrastructure, we need to stop the issuance of bonds on an ineffective and unaccountable agency. Scarce taxpayer funds could be of better use elsewhere.

SUPPORT

- None on file

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