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MEMORANDUM

To: The Association of Talent Agents

From: Barry Brokaw, for Sacramento Advocates, Inc.

Re: State Capitol Update

Date: February 7, 2016

Overview

California commenced the second half of its two-year legislative session in January. The eight-month run will conclude August 31, 2016, with the Governor then having through September 30, 2016 to sign or veto bills passed by the Legislature in August and requiring his action. Brown will be concluding year two of his final four year term, and shows no signs of slowing down either physically or mentally at age 78.

Having come into office in 2011 and inheriting a \$26 billion deficit on a \$107 billion General Fund budget, with estimated annual shortfalls of \$20 billion a year, Jerry Brown has focused on restoring fiscal stability. Those deficits, built up over a decade, have now been eliminated by a combination of budget cuts, temporary taxes a recovering economy—and reining in the Democrats who control the Legislature. His General Fund budget plan for 2016-17 is fully balanced, and includes rainy day funds totalling over \$10 billion, to be reserved for the next economic downturn.

Term Limits/Legislative Leadership Changes May Impact ATA

California voters replaced their 1990 approved term limits scheme in 2012, taking action to allow Assembly Members and Senators to hold their seats for a total of 12 years, rather than the previous maximum service limit of 14 years, of which only six of those years could be in the Assembly, or eight of the years in the Senate. Assembly Members and Senators were constantly on the lookout for other open seats, jumping back and forth between the two legislative houses, and often to local governments, which is why the LA City Council, for instance, has seven former state legislators serving there.

The current Speaker of the Assembly, Toni Atkins (D-San Diego) is termed out this year, after serving as Speaker for less than 20 months. She relinquishes her post in early March to Anthony Rendon (D-Lakewood). Rendon, who has a Ph.D in political science, and worked for a non-profit focused on early childhood education prior to his election to the Assembly, is eligible to serve through 2024, which could make him a power broker and fixture for several years. His reported choice to be his top deputy (Majority Floor Leader), is Ian Calderon, who finally turned 30 last fall, and who can also serve through 2024. Calderon chairs the Assembly Arts, Entertainment, Sports, Tourism and Internet Media Committee, which often produces or hears legislation of interest to ATA. Calderon will vacate that Chair next month to take his new post. It is uncertain who may take over that committee for the balance of the year, but it could be Los Angeles Democrat Adrin Nazarian, who sits on the committee, chairs no other standing committee, and has authored or co-authored bills to encourage tax credit incentives for entertainment industry production in

California. Changes to several other committees are expected to occur later in the year. The Senate will stay under the leadership of Los Angeles Democrat Kevin de Leon, who is termed out in 2018. No immediate changes are expected with Senate Committees this year.

Legislation of Interest

Lawmakers have until February 19th to introduce new legislation this year. Bill introduction is trickling in daily at this time, but it is likely there will be between 1,000-1,500 new proposals by the introduction deadline. It is unclear whether or not we will see the introduction of legislation authorizing attorneys to act as talent agents without being licensed as talent agents, but a bill on that topic was unsuccessfully shopped around the Capitol in 2014 and 2015. Lawmakers alerted us to the effort, and ATA was able to intervene and speak with lawmakers who had been approached by those advocates, and the legislation never emerged.

To this point in time, only one bill of interest has been introduced:

AB 1687 (Calderon D) Customer records: age information: commercial online entertainment employment service providers.

Status: 1/21/2016-From printer. May be heard in committee after February 20.

Summary:

The bill would prohibit a commercial online entertainment employment service provider that enters into a contractual agreement to provide specified employment services to an individual paid subscriber from publishing information about the subscriber's age and would require the provider to remove any information regarding the subscriber's age from any Internet Web site under the provider's control if requested by the subscriber.

Last year, SAG/AFTRA sponsored the identical bill (AB 984), which failed passage in the Assembly Appropriations Committee (it had a \$200,000 annual cost estimate for the Department of Industrial Relations to carry out its provisions, which is what sent it to that committee). The proponents stated, "In the case of actors, an employer casting a part may make a decision based on how young or old the actor looks but may not exclude the actor from trying out for the part simply because of his or her biological age. In other words, an actor's biological age cannot be a bar to applying for the part. We all know that frequently actors play the role of persons that are different from their true biological age. After all, the essence of acting is creating an illusion."

ATA did not take a position on the measure last year, but we monitored it closely.

Activity

We are also recommending a visit to Sacramento in mid-March, before committee hearings dominate the daily activities at the Capitol (perhaps **March 15 or 16**), to meet some of those key individuals and discuss any new legislation of interest.

Sacramento Advocates, Inc. is Expanding

On a personal note, our longtime strategic partner, veteran lawyer and lobbyist Cassie Gilson, has merged her separate lobbying practice into Sacramento Advocates, joining me and my partner Gareth Elliott, with the new Sacramento Advocates, Inc. representing our combined 33 lobbying clients. Together we represent some of the most readily identifiable businesses, trade associations, non-profits and emerging new economy companies in California. Together and separately we have worked on some of the most consequential legislative and regulatory initiatives of the past decade.

Cassie Gilson, a Stanford Law graduate, with government experience as both a senior advisor to Governor Gray Davis and in the Clinton White House, has represented clients as a lawyer and lobbyist for more than 15 years. Gareth Elliott joined Sacramento Advocates as a partner a year ago upon leaving Governor Brown's Office where he served as Legislative Affairs Secretary from 2011-15. He was previously a senior legislative staffer for the former Senate President Pro Tempore Don Perata and for Senator and now Secretary of State Alex Padilla. Elliott is also a Member of the UC Board of Regents. I have operated one of Sacramento's most well regarded lobbying firms for 23 years following a lengthy career as a senior legislative staffer, including chief of staff and committee consultant positions. Also joining the new Sacramento Advocates team is veteran lobbyist Silvio Ferrari. Silvio was formerly Vice President and the chief legislative advocate for the CA Building Industry Association, working there for more than six years.

We are pleased to continue to represent ATA.

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