

TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate
Kristina Voytsekhovich

RE: August 2016 Update

DATE: September 7, 2016

The Legislature reconvened from Summer Recess on August 1st to finish their last month of the regular 2015-16 Legislative session, and adjourned on August 31st. They have now returned to their districts for Fall Recess. The 2017 Legislature will be sworn-in the first week of December.

August 12th was the last day for fiscal committees to meet, therefore any legislation with a fiscal impact have either passed Suspense and went to the Floor or have died in Suspense. The last two weeks of session was Floor Session only, which means that any legislation that did not pass through the second house and later concurred in the house of origin had died this year.

Any bills that have passed both houses of the Legislature will go to the Governor's Desk, and he will have until September 30th to act on any regular session bills, or they will become law. The Legislature will still continue the special session for Transportation, and will most likely act on it on November 10th when the Legislature returns to Sacramento after the November 8th election. Any special session legislation passed will become law 90 days after they adjourn the special session.

The budget trailer bills have also been the subject of budget committee hearings, floor sessions and ongoing negotiations. The County had opposed the Governor's "by-right" proposal, which would have shortened the approval process and in some cases, eliminated the need for additional environmental review in order to increase housing supply by creating general criteria for affordable housing to be built. The language would have imposed timelines on local governments and would have limited local discretions. The proposal created opposition from Labor and Environmental groups, as well as the Assembly Democratic Caucus and Speaker Anthony Rendon, who had confirmed that the proposal is now dead for the year.

The financing portion of the No Place Like Home program, which was signed into law in June was released on August 9th in the form of two budget trailer bills - AB 1628 and SB 858. For budget bills, the legislature always introduces both an Assembly Bill and a Senate Bill vehicle that are identical, and depending on which house is in charge of the budget process that year, they negotiate on which bill will move. AB 1628 was the bill that advanced to the Governor's Desk.

AB 1628 is the companion bill to the No Place Like Home program which establishes the financing mechanics behind the program. The budget bill indicates that the California Health Facilities Financing Authority (CHFFA) will sell the bonds and utilize MHSA funding to finance those costs, while the Department of Housing and Community Development (HCD) will receive

the bond revenue and develop the guidelines for disbursing the money to the counties, as well as be held accountable for housing built.

SB 879 (Beall) which would have been the Affordable Housing Bond Act of 2016, would have authorized the issuance of \$3 billion to fund affordable housing programs through a statewide general obligation (GO) bond, and would have been implemented over five years. The bill did not pass out of the Assembly and is dead for the year.

A Legislative Representative from the County of Los Angeles reached out to the Governmental Advocates' Office to request a letter for a veto of SB 958 (Lara) County of Los Angeles Citizens Redistricting Commission from the Governor. The bill would establish a 14-member Citizens Redistricting Commission in the County of Los Angeles, which would be in charge of adjusting the boundary lines of the districts of the Board of Supervisors in accordance with specified criteria. The County of LA and CSAC are in opposition to the bill, stating that the bill represents a decrease of local control.

Special Sessions

Transportation:

Caltrans, the state's Transportation Department, maintains 50,000 lane-miles of highway and nearly 13,000 state-owned bridges. While the repair, maintenance and efficient operation of the state's highway system are vital to the state's continued economic growth, current funding fails to adequately fund this necessary work. The state's current fuel excise tax is sufficient to fund only \$2.3 billion of work—leaving \$5.7 billion in unfunded repairs each year.

As reported before, the Governor has called for a special session in order to address the outstanding issue of transportation funding which will remain an ongoing effort until the Legislature can settle on a transportation package which they can agree on. He proposed that the Legislature enact permanent and sustainable funding to maintain and repair the state's transportation and critical infrastructure, improve the state's key trade corridors and complement local infrastructure efforts.

The state budget had no changes in the funding to the ten-year \$36 Billion transportation plan from January. In the plan the Governor proposed that they reinstate truck weight fees, increase VLF by \$65.00 per vehicle and an increased gas tax.

Assemblymember Jim Frazier and Senator Jim Beall have released a joint transportation funding and reform proposal in the form of SB X1-1 and SB X1-26. In order to pass, the legislation would have to receive support from the Senate and Assembly Democratic caucuses and some Republicans in order to meet the 2/3rds vote requirement for new taxes. The proposal would allow cities and counties to share over \$2.5 billion in new local streets and roads revenue on an annual basis, along with one-time revenues of \$351.5 million in transportation loan repayments. The legislature did not act on the transportation legislation before the final recess, but since the legislation is in special session, the Legislature has until the end of the November 30th to vote on

the legislation. CSAC believes that the Legislature will come together on November 10th after the November election to vote on the bills.

We are continuing to monitor the negotiations and discussions during the interim recess, as well as evaluating them to see if they are a workable solution for the County staff. We will continue to keep the board updated as this discussion continues to unfold.

Bills of Interest to the County

AB 1564 (Williams) This bill requires the Office of Emergency Services (Cal OES), the California Highway Patrol (CHP), and county coordinators to review the states routing of 911 calls. The bill passed the Senate Appropriations Committee 10-0 on August 1st, and continued to pass the Senate Floor 38-0. The Senate amendments were concurred in by the Assembly on August 22nd and the bill was approved by the Governor on August 30th to become law. The County was in support of the bill.

AB 1825 (Gordon/Maienschein) This bill will provide more local control and allow shelters to follow best practices to assess dogs upon entering them. Under current law the label of “vicious dog” is automatically applied to dogs seized under the penal code. Many dogs that are seized under this section, such as from a breeder that is connected to animal fighting, do not pose a risk and are perfectly safe for future adoption. The bill passed the Senate third reading on June 30th and was approved by the Governor on July 25th to become law. The County was in support of this bill.

AB 1853 (Cooper) The county is in opposition to the bill. The bill would reduce local control by allowing retirement systems operation under CERL to operate independently from its respective county without an input from the county Board of Supervisors. The bill passed the Senate Floor 25-11, and was concurred in Senate Amendments in the Assembly. The bill is on the Governor’s Desk awaiting his action.

AB 2501 (Bloom) The County is in opposition to the bill. The bill would ensure that the developer of a housing project is able to access any density bonus that the project is entitled to under state law without facing hurdles. The bill would restrict information that local jurisdictions can request from developers and imposes shorter timelines for review and approval of density bonus applications. The bill was concurred in Senate Amendments in the Assembly and is on the Governor’s Desk.

AB 2616 (Burke) The bill originally would have added three additional Coastal Commission Members to work directly on issues with communities that are burdened by high levels of pollution, but Senate amendments eliminated the increase in the Commission membership and instead specified that one of the Governor’s existing appointees be required to work directly with communities in the state that are most burdened by high levels of pollution and issues of environmental justice. The County is currently in opposition to the bill, but is currently reevaluating their position to see if they want to go neutral.

AB 2729 (Williams) The county supports this bill. In large, this bill would increase idle oil and gas well fees and indemnity bonds to provide a disincentive for operators to maintain large numbers of idle wells. Currently, there is not a high incentive for operators to terminate their abandoned wells and this could cause potential danger to life, health or natural resources, this bill would increase fees to provide incentive to close the wells. The bill has passed the Senate Floor 30-6, and was concurred in Senate Amendments in the Assembly. The bill is currently on the Governor's Desk awaiting his action.

SB 122 (Jackson, Hill and Roth) This bill is a vehicle for potential CEQA reform. The bill would require the lead agency, at the request of a project applicant and consent of the lead agency, to prepare a record of proceedings concurrently with the preparation of a negative declaration, mitigated negative declaration, EIR, or other environmental document for projects. The bill would state the intent of the Legislature to enact legislation establishing an electronic database clearinghouse of notices and environmental document prepared pursuant to CEQA, establishing a public review period for a final environmental impact report, and relating to the record of proceedings for a project for which an environmental impact report is prepared pursuant to CEQA. This bill was on the Assembly Suspense File since 2015, and had passed out of Assembly Appropriations 11-3 on August 12th, 2016. The bill was concurred in Assembly Amendments in the Senate, and is currently on the Governor's Desk. This County is supporting the bill.

SB 233 (Hertzberg) AB 2503 (Perez) Chapter 687, 2010, established a program under which an offshore oil platform owner is allowed to partially remove a platform, leaving behind some of the underwater structure for marine habitat, known as the "rigs to reefs" program. The California Marine Resources Legacy Act passed with much consideration across the state and included relevant stakeholders and agencies to address the issues surrounding oil platforms remaining in the ocean off the coast of California. SB 233 would have modified the California Marine Resources Legacy Act regarding the application process to allow the partial removal of an offshore oil structure. The County is opposed to SB 233 due to being unnecessary. The measure was a two-year bill, and has been sitting in the Assembly Appropriations Committee since 2015. The bill was held in Assembly Suspense, and is dead for the year.

SB 867 (Roth) This bill will allow the Richie Pediatric Trauma Fund to continue past its sunset date of January 1, 2017. This bill authorizes a county to continue to establish an EMS Fund to be used to reimburse physicians and hospitals for patients who do not make payment for emergency medical services, which would allow the County's Public Health Department to continue to distribute pediatric trauma funds to support local pediatric trauma services. The County is in support of this bill. The bill had passed its third reading 69-7 in the Assembly, passed the Senate and was approved by the Governor on August 19th to become law.

SB 968 (Monning) The County is in support of the bill. The bill would require PG&E to submit to the California Public Utilities Commission an assessment of the adverse economic impacts that could occur in the San Luis Obispo County region if the Diablo Canyon Nuclear Power Plant were to shut down. The bill has passed the Assembly third reading and was concurred in Assembly amendments in the Senate. The bill is currently awaiting action on the Governor's Desk.

SB 1229 (Jackson) This bill would establish a duty of care for pharmacies that host secure drug take-back bins for prescription and over the counter drugs that are left over from treatment or have expired. The County supports the bill. The bill had passed its third reading on the Assembly Floor, and had Assembly amendments concurred in the Senate. The bill was approved by the Governor on August 29th to become law.

SB 788 (McGuire) The County is supporting this measure. This bill eliminates the exception in the California Coastal Sanctuary Act of 1994 (AB 2444, O'Connell) (CCSA) that allows the State Lands Commission (Commission) to issue an offshore oil lease if state oil or gas deposits are being drained by wells on federal lands and the lease is in the best interests of the state. The bill was a two-year bill and unfortunately was held on the Assembly Suspense file. The bill is dead for the year.

End of Session Update

Internet Gambling: Internet gambling legislation was the subject of discussion the week before Summer Recess, but both of the bills authored by Assemblymember Gray, Chair of the Assembly Governmental Organization Committee, that would have expanded and regulated the internet gambling industry in California died for the year. AB 2863 (Gray) which would have been known as the Internet Poker Consumer Protection Act of 2016, did not pass out of the Assembly Floor, which needed a two-thirds vote to pass.

AB 1437 (Gray) would have enacted the Internet Fantasy Sports Game Consumer Protection Act. The hearing was canceled at the request of the author in the Senate Governmental Organization Committee and failed to pass the deadline.

Medi-Cal/Health Care/MCO Tax: The legislature and the Governor reached a deal on the MCO tax which was passed by the legislature on February 29, 2016. SBX2-2, ABX2-1 and AB 133 – passed by both houses of the Legislature, that will result in a net tax cut, maintain more than \$1 billion in critical federal funds, reduce debt by more than \$400 million and direct approximately \$300 million in new funding to help those with developmental disabilities. The bills were signed by the Governor in March.

Cap and Trade Revenues: Right before the final recess, one of the last compromises reached between the Legislature and the Governor was a deal on the expenditure of the 40 percent of unallocated cap and trade revenues, totaling \$900 million in funds dedicated to a variety of programs to reduce greenhouse gas (GHG) emissions, while placing \$462 million in a reserve account for future years. In addition, the plan allocates \$40 million to programs that increase waste diversion and help reduce methane emissions from our landfills. The deal also allocates \$135 million to the Transit and Intercity Rail Program consistent with our request that cap and trade dollars be invested towards transportation programs. However, counties did express disappointment that only \$25 million was allocated to address forest health and tree mortality in the state's most impacted areas. A budget trailer bill, SB 859, did accompany the allocation and does include relief for some biomass facilities, requiring retail sellers of electricity to purchase a

total of 125 megawatts of power from biomass facilities that generate power from forest waste in areas impacted by tree mortality.

November Ballot Measures

Marijuana Legalization – PROP 64

Summary: The campaign is supported by Lt. Gov. Gavin Newsom and funded by billionaire activist Sean Parker. The ballot would legalize marijuana under state law for use by adults 21 or older, and designate state agencies to license and regulate the marijuana industry. It would also impose state excise tax of 15% on retail sales of marijuana.

Revenue Bonds – PROP 53

Summary: As stated in the Sacramento Bee, this ballot would pose a threat to Governor Jerry Brown’s plan to build two tunnels to divert water beneath the Sacramento-San Joaquin Delta to the south, this initiative would require voter approval before the state could issue revenue bonds for any project costing more than \$2 billion. The initiative is backed by Dean Cortopassi, a wealthy Stockton-area farmer, and supported by the Howard Jarvis Taxpayers Association. The measure is opposed by Governor Brown, state business and labor groups and by the California Democratic Party.

Repeal of the Death Penalty – PROP 62

Summary: The measure would repeal the death penalty and making life without the possibility of parole the maximum punishment for murder, and applies to persons already sentenced to death. The ballot also increases a portion of life inmates’ wages that may be applied to victim restitution.

NOTE: There is another death penalty related measure - Prop 66, that will appear on the November 8th ballot. If both of the measures pass, the one with the most “YES” votes would supersede the other.

Death Penalty Procedures: speed-up – PROP 66

Summary: The ballot would change procedures governing state court appeals and challenges to death sentences and designates the superior court for initial petitions and limits successive petitions. It would also establish a time frame for state court death penalty review.

As stated by the Sacramento Bee, California has not executed an inmate since 2006 due to being stalled by legal challenges to its lethal drug cocktail. Former professional football player Kermit Alexander, whose relatives were murdered three decades ago by a man now on death row, is tired of it. Backed by law enforcement groups, he is pushing an initiative that would speed up the death penalty by putting the California Supreme Court in charge of an expedited appeals process.

Bilingual Education – PROP 58

Summary: The ballot would preserve the requirement that public school ensures students obtain English language proficiency, and requires that school districts to solicit parent/community input in developing language acquisition programs. It would authorize school districts to establish dual language immersion programs for both native and non-native English speakers.

As stated in the Sacramento Bee, in 1998, California voters passed a proposition banning public schools from teaching English learners primarily in their native language. Now Sen. Ricardo Lara, D-Bell Gardens, wants to repeal sections of that initiative and bring back bilingual programs, which supporters argue is just as effective at educating students as moving them into full-time English instruction right away. The measure was placed on the ballot by the Legislature's majority Democrats, over the objections of original proponents like Silicon Valley software entrepreneur Ron Unz, who mounted a brief run for U.S. Senate this year to bring attention to the effort.

Ammunition Restrictions – PROP 63

Summary: The ballot measure by Lt. Governor Gavin Newsom would prohibit the possession of large-capacity ammunition magazines and would require most individuals to pass a background check and obtain authorization from the California Department of Justice to purchase ammunition.

Although, Senator De Leon's Bill, SB 1235, which is now chaptered, allows a section of the ballot measure to be amended and repealed, specifically the section that would inspect prospective ammunition buyers in advance through the Department of Justice background checks to Senator De Leon's version that would use an existing database of people that are prohibited from owning guns at the point of sale.

Income Tax Increase - PROP 55

Summary: Extends the temporary personal income tax increases enacted in 2012 by 12 years on earnings over \$250,000 for funding education and health care programs. It is supported by the California Teachers Association, Service Employees International Union and California Association of Hospitals and Health Systems. The California Chamber of Commerce opposes the measure.

Tobacco Tax – PROP 56

Summary: The proposal raises taxes on cigarettes by \$2.00 per pack, with equivalent increase on other tobacco products and electronic cigarettes containing nicotine.

As stated in the Sacramento Bee, with the industry still reeling from a historic set of anti-smoking laws, a coalition of labor unions, medical associations, health advocates and one billionaire environmentalist are taking another shot at tobacco. The industry has mounted well-funded opposition campaigns in defeating past tax increase efforts, but this time will face far deeper-pocketed foes.

Plastic Bag Referendum – PROP 67

Summary: The ballot measure would approve a statute that prohibits grocery and other stores from providing customers single-use plastic or paper carryout bags but permits sale of recycled paper bags or reusable bags.

Carryout Bags - Charges - PROP 65

Summary: Redirects money collected by grocery and certain other retail stores through mandate sale of carryout bags. The measure requires stores to deposit bag sale proceeds into a special fund to support specified environmental projects.

As stated in the Sacramento Bee, Grocers call this measure the big plastic's revenge, while the industry says it's simply creating good public policy. Whatever the motive, the plastic bag industry has coupled the referendum to overturn a statewide bag ban with a ballot measure to divert profits from bag sales away from grocers and into an environmental fund.

Citizens United – PROP 59

Summary: As stated in the Sacramento Bee, this is a measure with no legal force, this question asks voters whether elected officials should “use all of their constitutional authority,” including proposing an amendment to the U.S. Constitution, to reverse the U.S. Supreme Court's controversial Citizens United decision on campaign financing. That court ruling held that First Amendment free-speech protections prohibit limiting independent campaign expenditures by corporations and labor unions. The measure was placed on the ballot by the Democratic-controlled Legislature, with many Republicans opposed.

Drug Price Caps – PROP 61

Summary: The measure would support regulating drug prices by requiring state agencies to pay the same prices that the U.S. Department of Veterans Affairs pays for prescription drugs.

As stated in the Sacramento Bee, the initiative would prevent the California government from spending more on a prescription drug than the lowest price paid by the U.S. Department of Veterans Affairs. Michael Weinstein, head of the sponsoring AIDS Healthcare Foundation, believes it will immediately lower drug prices for some Californians, then have what the campaign calls a “cascade effect” on prices broadly. Critics, led by drug manufacturers, are prepared to mount a well-funded opposition campaign. They say it excludes the vast majority of residents, will lead to more bureaucracy, and ultimately do little to lower prices for anyone.

Condoms – PROP 60

Summary: The ballot in November will ask the people of California if the state should require the use of condoms and other protective measures during the filming of pornographic films, as well as requiring pornography producers to pay for certain health requirements and checkups.

As stated in the Sacramento Bee, the central question is, is porn safe for performers? Its proponent, AIDS Healthcare Foundation head Weinstein, points to repeated instances over the last decade of performers testing HIV-positive. The film industry insists those transmissions occurred outside of regulated shoots and argues its suggested protocol of regular testing has worked well. Mandating condoms, opponents warn, would drive shoots underground or out of state.

Criminal justice – PROP 57

Summary: As stated in the Sacramento Bee, in a sweeping effort to reduce prison crowding and ease effects of California's fixed-term sentencing standards, the initiative would make some nonviolent felons eligible for early parole and give the Department of Corrections and Rehabilitation authority to award credits for good behavior. The initiative is backed by Governor Jerry Brown, who signed – and later came to regret – more rigid sentencing standards when he was governor before, from 1975 to 1983. Governor Brown has millions in his campaign account,

but it remains unclear how much opponents, led by the California District Attorneys Association, can muster.

School construction bonds – PROP 51

Summary: The initiative would authorize \$9 billion in general obligation bonds for new construction and modernization of K-12 public school facilities, charter schools and vocational education facilities, and California Community Colleges facilities.

As stated in the Sacramento Bee, developers, school builders and school officials led the campaign to put the bond issue before voters after multiple attempts to do the same in the Legislature failed to advance. Brown, who has sought to minimize the state's involvement in local school construction, has criticized the measure. But supporters say it would meet a crucial need for more state school construction money and prevent steep hikes in local fees on new homes to make up the difference.

Hospital fees – PROP 52

Summary: The measure would support requiring voter approval to change the dedicated use of certain fees from hospitals used to draw matching federal money and fund Medi-Cal services. The initiative was designed to require a two-thirds majority vote of the Legislature to end the hospital fee program.

As stated in the Sacramento Bee, seven years after lawmakers first approved the charge; the measure would lock into place the quality assurance fee on hospitals. Supported by hospital groups, the fee saves the state general fund several hundred million dollars annually as well as helps pull down several billion dollars in federal money that helps pay for Medi-Cal and other programs. Last month, lawmakers voted to extend the fee another year. Supporters, led by the California Hospital Association, say they want the ballot measure to eliminate any questions about the fee's future. There is no opposition.

Legislative transparency – PROP 54

Summary: This measure would prohibit the legislature from passing any bill until it has been in print and published for 72 hours prior to the vote. The measure also requires the Legislature to post videos of all of its proceedings.

Conclusion

The Legislature has adjourned the 2015-16 Legislative Session and the Members have gone back to their districts during the interim in order to focus on their elections. The remaining bills that have passed the Legislature are on the Governor's Desk, in which he will have until September 30th to act on.

The Legislature will return to Sacramento for one day after the November 8th election on November 10th when they are thought to vote on the transportation legislation that is in special session. The new Legislative Session will begin the first week of December when Legislators are sworn-in and take office after the November elections.

We will continue to work with staff on transportation negotiations and keep the committee and Board updated. As always, should you or your staff have any questions, please don't hesitate to let us know.