

TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate  
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RE: 2017 February Update

DATE: March 2, 2017

The introduction of legislation began the first day of the 2017 Legislative Session on December 5, 2016. The deadline for bill introductions was on February 17, 2017. There was an increase in this year's bill introductions by almost 25% with 1,687 Assembly Bill introductions this year compared to last year's, which was only 1,326 Assembly Bills. There were also 808 Senate Bill introductions this year, compared to last year's 667 introductions. The total number of regular session introductions this year was 2,495 introductions, compared to the 1,993 introductions from last year, most likely due to being a first year of the two-year session.

The County's new Assemblymember Monique Limon (D-Santa Barbara) has introduced the County's sponsored legislation, AB 556, which would allow Counties to impose larger administrative fines for one-time violations of the County's ordinances specifically where permits are available and when knowledgeable businesses chose to ignore the required permit. The bill will focus on one-time events that have over 80 people in attendance and purposely don't acquire a permit due to the fee of the permit costing less than the violation fine.

On February 24<sup>th</sup>, Governor Jerry Brown held a news conference announcing a series of immediate longer-term actions to bolster dam safety, improve flood protection and fix the state's aging transportation infrastructure due to the extreme weather causing erosion in roads and bridges. The Governor's emergency declarations have allowed CalTrans to begin more than \$595 million in repairs to state's roads and bridges that are damaged by erosion, mud slides, sink holes and flooding. Meanwhile, in order to fix roads and bridges in the long term, the Governor has asked the legislative leaders to complete the transportation package by April 6<sup>th</sup>.

SB 1 (Beall) passed the Senate Transportation and Housing Hearing 8-3 on February 14<sup>th</sup>. In the Hearing, the Senator emphasized the issue of the aging infrastructure and lack of funding, and safety issues being the main concern of the argument. SB 1 (Beall) continued to pass the Senate Environmental Quality Committee 4-2 on February 24<sup>th</sup>, where the Senator argued that an investment in jobs and transit is the best social policy, which was one of the opponent's arguments. SB 1 (Beall) is scheduled to be heard in the Senate Governance and Finance Committee on March 8<sup>th</sup>. The County is in support of the bill.

Immigration continues to be an extremely contentious issue and the Legislature has continued to move through a series of bills intended by the authors to protect the rights of California immigrants. Hearings in the Senate Human Services moved forward SB 6 (Hueso) to Senate

Appropriations and Assembly Human Services Committee moved forward AB 3 (Bonta), while SB 31 (Lara) and SB 54 (De Leon) will be heard in Senate Appropriations on March 6<sup>th</sup>.

Our office has reviewed all of the introduced legislation, and has specified which bills could be of possible interest to the County and will now work with staff to see which bills to take to the legislative committee for positions.

### **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 Governor's proposed budget is set to fund only \$4.3 billion of work—leaving \$1.4 billion in unfunded repairs each year.

The County has taken the support position on both AB 1 (Frazier) and SB 1 (Beall) which proposes an additional \$6 billion annually for road repairs and mass transit, by readjusting the state's obsolete gas tax and reform the user-pays system to ensure all motorists contribute their fair share to the maintenance of the roads. SB 1 (Beall) has moved forward through both the Senate Transportation and Housing Committee and the Senate Environmental Quality Committee, and will be heard in the Senate Governance and Finance Committee on March 8<sup>th</sup>.

Six billion dollars in revenue would be created by increases to taxes on gas, diesel, and vehicle fees. Among them:

- Increasing the per-gallon gas tax by 12 cents in phases over three years; 6 cents the first year to 9 cents in the second year and 12 cents in the third year. Ending Board of Equalization's annual adjustment of the price-based per-gallon gas excise tax rate to 17.3 cents. The two changes would raise \$2.9 billion annually.
- Increasing the diesel excise tax by 20 cents and the sales tax by 4 percent; raising \$853 million in revenue annually.
- Increase of \$38 in the annual vehicle registration fee with an inflation adjustment, as provided.
- Enacting an annual \$100 (Beall) or \$165 (Frazier) fee on zero-emission vehicles and increase annual registration fee for all vehicles by \$38 per vehicle, raising about \$1 billion annually.

### **Discontinuing of the County IHSS MOE**

The Governor's state budget stated that it will return Collective Bargaining to Counties and will reestablish the state-county share of cost arrangement for the IHSS program that existed prior to the implementation of the Coordinated Care Initiative. Counties will be responsible for the payment of 35% of the nonfederal portion of program costs through 1991 Realignment. Based on current estimates, growth in 2017-18 realignment revenues alone will not be sufficient to cover the additional IHSS costs. As a result, according to the Governor's proposed 2017-2018 State Budget plan, this change is likely to result in financial hardship and cash flow problems for

counties. The Administration says it is prepared to work with counties to mitigate, to the extent possible, the impact of returning a share of the fiscal responsibility for IHSS to counties.

CSAC and a multitude of other county representatives have stated their opposition to the dismantling of the county In Home Supportive Services (IHSS) Maintenance of Effort (MOE) cost sharing arrangement and the dissolution of the Statewide IHSS Authority to all 58 counties. This issue has become one of the heaviest issues for Counties to oppose due to the massive cost shift and negative impacts to the counties.

Along with CSAC, the Santa Barbara County has also stated its opposition to the Governor's budget proposal of the discontinuing of the IHSS Maintenance of Effort (MOE). We will continue to oppose Governor's budget proposal and advocate for a change in the Governor's May Revision.

### **Budget**

The Governor released his 2017-18 budget in January, which proposed \$122 billion in state General Fund expenditures, and an overall \$179 billion budget for the 2017-18 fiscal year. The Governor's budget assumes that there are no Federal changes. The legislature has begun the process of hearing the budget through the sub-committees.

Highlights include:

- **Rainy Day Fund:** With a \$1.15 billion deposit in the budget, the Rainy Day Fund will total \$7.9 billion by the end of 2017-18. While a full Rainy Day Fund might not eliminate the need for further spending reductions in case of a recession or major federal policy changes, placing money in the Rainy Day Fund will allow the state to soften the possibility of necessary cuts.
- **Transportation** - The budget reflects the Governor's transportation package which was first proposed in September 2015, which would provide \$4.2 billion annually to improve the maintenance of highways, local roads, and expand public transit.
- **Cap and Trade** - The state has appropriated \$3.4 billion in cap-and-trade auction proceeds to help reduce greenhouse gas emissions, with funding prioritized in disadvantaged communities. The Administration proposes two-thirds urgency legislation to confirm the program's continued authority beyond 2020. Assuming approval, the budget proposes \$2.2 billion in expenditures from auction proceeds, with a continued emphasis on low-income and disadvantaged communities.
- **Emergency Drought Response** – The proposed budget includes an overall amount of \$178.7 million in emergency drought funding for a variety of different program areas, including local assistance for small water systems, tree mortality and enhanced fire protection and funding to implement the Governor's Executive Order on water conservation.

- **Tree Mortality** – The state specifically appropriated \$91 million for 2017-18 budget, opposed to the \$90 million from the 2016-17 budget. The state is continuing the California Disaster Assistance Act (CDAA) Funding.
- **Health Care Expansion** - Under the optional expansion provisions of the federal Affordable Care Act, the budget increases enrollment of this Medi-Cal population to 4.1 million Californians, with the state’s General Fund share of cost increasing from \$888 million to nearly \$1.6 billion.
- **Discontinuing of the CCI** - The discontinuing of the Coordinated Care Initiative will not impact directly current benefits and services people with disabilities and seniors receive, including those from In-Home Supportive Services (IHSS), but it will discontinue the enhanced rates for health plans and will return the collective bargaining back to the Counties.

### **No Place Like Home**

No Place Like Home divides potential bond funding into a competitive pot of \$1.8 billion and a non-competitive pot of \$200 million, which counties will compete for within their own population tier with Los Angeles being in a tier of their own.

The financing portion of the No Place Like Home program concludes 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.

The program is currently beginning to release a framework draft paper that states the summary, goals and proposed timeline. In the spring of 2017, the Department will start to develop the guidelines for the program and will approximately be releasing Notice of Funding Availability (NOFA) in the winter of 2018. The Governor has announced several appointees to the NPLH Advisory Committee, including Patrick Kennedy, Sacramento County Supervisor; Robert Bendorf, Yuba County Administrator; Alfredo Aguirre, San Diego County Director of Behavioral Health; Jacky Morales-Ferrand, Director at the City of San Jose Housing Department, Va Lecia Adams Kellum, President and CEO at the St. Joseph Center and Maggie Merritt, the Executive Director of the Steinberg Institute, who was appointed by the Senate Rules Committee in January.

### **New Introduced Bills of Possible Interest to the County**

The legislative bill introduction deadline was February 17<sup>th</sup> with 887 bills introduced the last day of the legislative deadline and more than 1,500 introduced in the final week of the deadline. We have flagged over 340 pieces of legislation that are in relation to the County’s platform and could possibly be of interest to the County. Attached to the state report is the list of legislation that we have flagged for the County, and we will work with the County’s staff on getting legislation that

directly falls into the County's 2017 legislative platform to set the County's positions on the bills.

### **Bills of Interest to the County**

AB 1 (Frazier) The County is in strong support of the transportation funding as a whole that would provide infrastructure funding to maintain and improve local streets, roads and state highways. The legislation proposes an additional \$6 billion annually for road repairs and mass transit, by readjusting the state's obsolete gas tax and reform the user-pays system to ensure all motorists contribute their fair share to the maintenance of the roads. The bill has been referred to the Assembly Transportation and Assembly Natural Resources Committees with no date yet set. The County supports the bill.

SB 1 (Beall) The legislation proposes an additional \$6 billion annually for road repairs and mass transit, by readjusting the state's obsolete gas tax and reform the user-pays system to ensure all motorists contribute their fair share to the maintenance of the roads. The bill has been passed through the Senate Transportation and Housing Committee 8-3, and the Senate Environmental Quality Committee 4-2. The bill is set to be heard in Senate Governance and Finance on March 8<sup>th</sup>.

### **Conclusion**

The legislative bill introduction deadline was February 17, 2017 with 887 bills introduced the last day of the legislative deadline. Policy committees have begun to meet, but legislation must be in print for 30 days before they are eligible to be heard. The committees will pick-up over the next several weeks with the last day for policy committees to heard fiscal bills in their house of origin.

As mentioned above, we will work with your staff on vetting legislation that may fall into the County's 2017 legislative platform to the County's legislative committee for positions and priorities. As previously mentioned, should you or your staff have any questions, please don't hesitate to ask.