

TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate
Kristina Gallagher

RE: 2018 April Update

DATE: May 2, 2018

The Legislature has been processing hundreds of bills through its policy and fiscal committees. April 27th, was the last day for policy committees to hear and report to fiscal committees the fiscal bills introduced in their house of origin, meaning every fiscal bill that is currently in the first house has to now go to the Appropriations committees. Meanwhile, the next policy deadline for non-fiscal bills is May 11th.

The state budget is currently being heard in the budget sub-committees in both houses as the Department of Finance gets ready to issue the May Revise in mid-May.

Our office has reviewed all of the introduced bills and has categorized them by subject, as well as determined how they fit into the County Platform. We are working with staff and our delegation to see which bills to take to the legislative committee and advocate for on behalf of the County.

Fires and Floods

We are currently setting up a follow up conversation between the California Environmental Protection Agency (CalEPA) and the County to continue the conversation regarding the Tajiguas Landfill capacity. CalEPA listened to the County's concerns and responded that they are willing work with the County after the call between CalEPA, CalRecycle and the County in mid-March.

The liability issue surrounding utilities has remained a priority for the County. We are currently monitoring and engaging in conversations with stakeholders over the County's concerns. We have heard that utilities are currently looking for a possible vehicle that would limit the liability of IOUs. SB 1088 by Senator Dodd was raised as a possible concern due to the bill's potential impact on civil liability issues, but was amended to clarify that the bill is not intended to affect or apply to any civil proceeding. The amended bill will be in print on May 3rd. This bill would establish the Utility Infrastructure, Safety, Reliability, and Accountability Act, and requires the Office of Emergency Services (OES) to adopt standards for reducing risks from a major event. The bill also requires each electrical corporation or gas corporation to submit a safety, reliability, and resiliency plan to the California Public Utilities Commission every two years for the purpose of prevention.

AB 2346 by Assemblymember Quirk was also raised as a possible vehicle for utility companies that would limit liability of IOUs in case of a wildfire. The bill was gutted and amended on April 18th to require the CPUC to authorize IOUs to create memorandum accounts to track expenses

related to the 2017 wildfires. The author stated that, "Causation has yet to be determined for any of the fires. Even if the IOUs are not found to be negligent, the IOUs could be held strictly liable under the doctrine of inverse condemnation. The IOUs must have memorandum accounts so that the expenses can be clearly segregated from expenses previously authorized to be recovered in rates. This will allow for clear segregation from those for which ratepayer recovery has already been authorized by the CPUC." The bill would require the CPUC to authorize IOUs to establish wildfire expense memorandum accounts to track costs related to the 2017 California wildfires specifically by tracking payments to satisfy wildfire claims, including co-insurance and deductible expenses paid by the IOU - excluding costs previously authorized in the IOU's general rate case; tracking outside legal costs incurred defending against claims; and tracking increases or decreases in wildfire insurance premiums from amounts authorized in the IOU's general rate case, the bill also prohibits automatic rate recovery of recorded costs. The bill is currently referred to the Assembly Appropriations Committee.

Although the Governor and Leadership held a press conference on March 13th to state that there is a need to update current policy on liability rules and regulations for utility services in the light of the increased severity of weather events that have caused wildfires and floods, our office met with the Governor's office on April 16th on this issue to determine if they have any specific plans and we confirmed with them that they do not have any plans on providing immunity from liability to utilities. We do know that the utility companies have been lobbying the issue since the beginning of the year therefore we are still heavily monitoring every piece of legislation that could possibly be amended. We have also communicated our concerns with our delegation and CSAC.

On April 25th, Insurance Commissioner Dave Jones held a press conference to vow to fight the insurance industry assault on proposed solutions to protect wildfire survivors. Along with Senator Bill Dodd, and Senator Mike McGuire, the Insurance Commissioner stated, "Insurers are pulling out all the stops to defeat our efforts to provide wildfire survivors and homeowners peace of mind when disaster strikes...Thousands of Sonoma and Napa area residents lost everything and survived the fires only to face more emotional distress, as they were faced with trying to create detailed inventories or discovered they were underinsured and may not have enough to rebuild their homes. This is about doing the right thing for consumers who buy their homeowner policy believing they have enough coverage to rebuild should the worst happen, pay their premiums faithfully, and then find they are coming up short when disaster strikes." The Insurance Commissioner stated this in response to the leading insurance trade organizations who have stated their oppose unless amended positions to the California Department of Insurance sponsored bills - SB 897 (McGuire) and SB 894 (Dodd), claiming that SB 897 (McGuire) will negatively impact both price and coverage of insurance by mandating unnecessary requirements that will jeopardize insurers' flexibility to offer California homeowners choice in coverages and increase premiums for all homeowners across the state, while SB 894 (Dodd) is trying to address a problem that does not exist, claiming there is no insurance availability problem and the homeowners' insurance market is working. Both SB 897 (McGuire) and SB 894 (Dodd) passed the Senate Insurance Committee 8-0 with five members abstaining; both of the bills are going to the Senate Floor.

The California Department of Insurance sponsored bills include:

SB 894 (Dodd) After a declared disaster, this bill will allow an insured the option to combine unused primary structures, other structures, contents, and additional living expenses coverage amounts to rebuild their home - protecting insureds who may be underinsured for the Primary Structure yet have unused coverage in the Other Structures coverage or Contents coverage. Also, this proposal extends policy renewal protections for an insured from one renewal to two renewals or 24 months, whichever is greater. After a declared disaster, this bill extends the time to collect Additional Living Expenses (ALE) benefits from 24 months to 36 months. *The bill passed the Senate Committee on Insurance hearing on April 25th. The bill is not fiscal, and will go to the Senate Floor.*

SB 897 (McGuire) The bill requires additional living expense coverage (ALE) to include all reasonable expenses incurred by the insured to maintain a comparable standard of living following a covered loss. The bill allows an insured to choose, at his or her option, to choose to collect the monthly fair rental value of the dwelling as ALE in lieu of itemized expenses; in the case of a total loss that is a result of a state of emergency, requires an insurer to provide an advance payment of no less than four months of ALE or fair rental value, to adopt a standard four month or fair rental payment amount, to make an initial advance payment of no less than 25% of the policy limit for a claim for contents related to a total loss of a primary residence without completion of an inventory, to offer no less than 80% of the policy limits if an insured has made a claim for contents without requiring the insured to file an itemized claim, and prohibits an insurer in the case of a claim for contents from requiring the use of a company-specific inventory form, as specified; requires insurers, in the event of a state of emergency, to grant a 30-day grace period for payment of premiums for all homeowners' policies covering properties within the affected area; and makes specified provisions retroactive for any claim filed after July 1, 2017. *The bill passed the Senate Committee on Insurance hearing on April 25th. The bill is not fiscal, and will go to the Senate Floor.*

SB 1291 (Dodd) There are three kinds of adjusters that help settle pending insurance claims: those that are employees of an insurance company, those that are "independent" but have a contract with an insurance company to help handle claims, and "public" adjusters that have a contract with a consumer to get a better settlement of a claim with an insurer. "Independent" adjusters are licensed in 35 states, including California; however we are the only state to overwhelmingly license independent adjusters on an organizational, as opposed to individual, basis. California currently issues independent adjuster licenses to both entities and individuals but for both licenses only one individual needs to be fingerprinted, pass a qualifying license exam and meet continuing education (CE) requirements. Other than this one individual, known as the qualified manager, no employees of the independent adjuster who adjust claims need to meet these requirements. This leads to professional gaps and consumers receiving incorrect or improper information, as happened most recently in California's devastating 2017 fires. There are at least 30,000 individuals currently adjusting claims that have not met fingerprinting, exam and CE requirements. This proposal would allow California to join 34 other states by implementing the same high standards enjoyed by consumers through an exam, fingerprint-based

background check and CE requirements. *The bill passed the Senate Committee on Insurance hearing on April 25th with an 8-2 vote. The bill has been referred to the Senate Appropriations Committee, but has not yet been scheduled.*

AB 1772 (Aguiar-Curry) The bill would extend the time to rebuild and collect full replacement cost from 24 to 36 months after a declared disaster. After a major event, there is often a shortage of qualified workers in the construction industry coupled with a demand surge for construction workers needed to rebuild structures. This law will give wildfire survivors additional time to rebuild and collect replacement costs from insurers. *The bill passed the Assembly Committee on Insurance. The bill was placed on the Assembly Consent Calendar and is now in the Senate awaiting referral to policy committees.*

AB 1797 (Levine) The bill requires residential property insurers, subject to conditional exceptions, to provide policyholders with a replacement cost estimate for the insured dwelling. This bill would require an insurer to provide, on an every other year basis, at the time an offer to renew a policy of residential property insurance is made to the policyholder, an estimate of the cost necessary to rebuild or replace the insured structure that complies with specified existing regulations. *The bill is scheduled to be heard in the Assembly Committee on Insurance on May 2nd.*

AB 1799 (Levine) Requires insurers to provide a free copy of a fire insurance policy, including endorsements and the declarations page, within 30 days of a request by a policyholder. *The bill passed the Assembly Committee on Insurance. The bill was placed on the Assembly Consent Calendar and is now in the Senate awaiting referral to policy committees.*

AB 1800 (Levine) The bill clarifies that a policyholder who chooses to relocate to a different location to rebuild or replace a total loss of the insured home is entitled to receive the benefits of extended replacement and building upgrade coverages. *The bill passed the Assembly Committee on Insurance. The bill was placed on the Assembly Consent Calendar and is now in the Senate awaiting referral to policy committees.*

AB 1875 (Wood) The bill requires referral to an alternate source of insurance when an insurer declines to offer extended replacement coverage. *The bill is scheduled to be heard in the Assembly Committee on Insurance on May 2nd.*

AB 1923 (Limón) In order to expedite the debris removal process for the health and safety of the public, this proposal would add the Consolidated Debris Removal program to the insurance code, requiring insurers to participate after a declared disaster. The proposal also clarifies the two main types of property coverage and how the Consolidated Debris Removal program will work with each. *The bill passed the Assembly Committee on Insurance on April 18th and has been referred to the Assembly Appropriations Committee.*

AB 2594 (Friedman) This bill extends from 12 to 24 months, the existing statute of limitations for a homeowner to sue their insurer if their fire-related loss is related to a declared state of emergency. *The bill passed the Assembly Committee on Insurance and has been set for hearing in the Assembly Appropriations Committee on May 2nd.*

Other introduced legislation related to wildfires, disasters and insurance claims include:

SB 821 (Jackson) This bill authorizes a county to access the contact information of residents, through the records of a public utility, for the sole purposes of enrolling residents in a county-operated public emergency warning system. The County supports this legislation. The bill passed the Senate Government Organization Committee on April 24th, and then passed the Senate Floor with a 35-0 vote on April 26th. The bill is currently at the Assembly Desk.

SB 824 (Lara) The bill prohibits an insurer from canceling, refusing to renew, or including a surcharge or an increase in the premium of a homeowners' insurance policy for one year from the date of a declaration of a state of emergency, as specified; requires an insurer that intends to reduce, within 12 months of a declared disaster, the total number of homeowners' policies in the disaster area by 20% or more, to submit a plan to the Insurance Commissioner (IC), 60 days prior to implementing that action; and directs the California Department of Insurance (CDI) to conduct a data call on wild fire and fire loss experience from insurers writing homeowners' insurance. *The bill passed the Senate Committee on Insurance on April 25th, and has been referred to the Senate Appropriations Committee.*

SB 833 (McGuire) The bill would require the red alert system to incorporate a variety of notification resources and developing technologies that may be tailored to the circumstances and geography of the underlying evacuation. The bill would require a local government agency or state agency that uses the federal Wireless Emergency Alert (WEA) system to alert a specified area of an evacuation order to use the term "red alert" in the alert and notify OES of the alert. The County is in support of this bill. *The bill passed the Senate Committee on Governmental Organization on April 10th. The bill is currently on the Suspense File in the Senate Appropriations Committee.*

SB 896 (McGuire) The bill would extend the operation of the former aggravated arson offense until January 1, 2024 and would increase the threshold of property damage and other losses constituting an aggravation factor for arson to \$7,300,000. *The bill passed the Senate Committee on Public Safety unanimously on March 13th. The bill is currently on the Suspense File in the Senate Appropriations Committee.*

SB 901 (Dodd) This bill would require a wildfire mitigation plan prepared by an electrical corporation, and wildfire mitigation measures prepared by a local publicly owned electric utility or electrical cooperative, to include protocols the utility or cooperative may use to determine when it may be necessary to deenergize its electrical lines and deactivate its reclosers. *The bill passed the Senate Committee on Energy, Utilities and Communications on April 17th. The bill is referred to the Senate Appropriations Committee.*

AB 1877 (Limon) This bill requires the California Office of Emergency Services (CalOES) and local governments, including operational areas (OAs), to translate emergency communication into either the most commonly spoken language other than English or into the most commonly spoken languages, as determined by individualized county language assessments. *The bill passed the Assembly Governmental Organization Committee on April 4th. The bill is currently on the Suspense File in the Assembly Appropriations Committee.*

The County and City Green Energy Production

The County's Assemblymember Monique Limon (D-Santa Barbara) has introduced AB 2077 (Limon) Electricity: local government renewable energy self-generation program. The bill passed the Assembly Committee on Utilities and Energy on April 25th with a 14-0 vote. As amended on April 18th, the bill requires the California Public Utilities Commission (CPUC) to approve any rates and other terms mutually agreed upon between Southern California Edison and the County of Santa Barbara if it is determined by the CPUC that the rates are feasible. The bill is referred to the Assembly Appropriations Committee. Meanwhile, we have been in continued discussions with the Assemblymember's staff, Southern California Edison and the City of Santa Barbara on a way to accomplish the County's and City's goals to provide green energy, whether it is completed through legislation or an internal process.

Budget

On January 10, 2018 the Governor released his 2018-19 Budget, which proposed \$131.7 billion in state General Fund expenditures. The Assembly and the Senate are now breaking off into budget subcommittee hearings in order to review the state budget by subject matter.

The May Revise will be released around mid-May, after which the Assembly and Senate will then hold their own budget hearings where they vote to adopt their own version of the budget, after which both versions of the budgets will go before the Budget Conference where the appointed Budget Conferees will vote on which version of the budget to send to the Governor. The Budget Bill must be passed by midnight of June 15th.

Highlights include:

Property Tax Backfill

The state budget provides \$23.7 million in backfill to counties and other local jurisdictions for lost property taxes in 2017-18 and 2018-19 resulting from the October 2017 fires. This is a preliminary number that will be updated to capture full losses in counties in both northern and southern California in the May Revision. The County is seeking to make sure that the May Revise includes a mention of the County of Santa Barbara wildfires for property tax backfill. The most recent property tax loss figures for the County of Santa Barbara are \$1.75 million for the FY 17/18 and 3.14 million for the FY 18/19. We have communicated these numbers with the Department of Finance and our Delegation. We have received confirmation from the Department of Finance that they have built in the information into the May Revise back in the beginning of the year, and have our latest property tax loss figures.

Elimination of the 340B Program

The Governor's 2018-19 budget proposal eliminates the use of the 340B Drug Pricing Program in Medi-Cal. The federal program entitles eligible healthcare providers to discounts on outpatient prescription drugs. The elimination of the program directly affects the County because it could reduce revenues in the County's Public Health Department by \$5 million to \$6 million, effective July 1, 2019, and would negatively impact the County's health care safety net.

The 340B Program provides significant benefits to the Santa Barbara County Public Health Department and the patients served. As a qualified health center participating in the 340B

Program, the County's Public Health Department healthcare providers gain access to materially reduced pricing on select outpatient drugs, allowing them to stretch resources and provide more comprehensive services to the County's most vulnerable patients. We continue to advocate to oppose the elimination of the 340B Program in the Assembly and Senate Budget Subcommittees, and are currently waiting for the administration to release the May Revise.

Disaster Relief

CalFire response costs will require a 2017-18 budget augmentation of \$469.3 million, which will be provided through the state's Emergency Fund. The state is currently also seeking a federal supplemental disaster-related appropriations bill that would amount to \$4.4 billion to support disaster recovery efforts.

Rainy Day Fund

The budget proposes a \$3.5 billion supplemental payment in addition to the constitutionally required transfer to the Rainy Day Fund for 2018-19. The two payments would bring the total Rainy Day Fund to \$13.5 billion.

Courts

The budget proposal provides \$4.2 billion for the judicial branch that includes \$150 million in new funding to support efforts by the Judicial Council to improve and modernize trial court operations.

For 2018-19, the budget includes a \$150 million package out of the general fund for courts, which includes:

- Support for Trial Court Operations
The Budget includes an increase of \$122.8 million General Fund for trial court operations and an increase of \$25.9 million General Fund for trial court employee benefit costs.
- Trial Court Trust Fund Revenue
The Budget includes an increase of \$34.1 million General Fund to reflect a further reduction of fine and penalty revenues expected in 2018-19.
- Self-Help Centers in Trial Courts-The Budget includes an increase of \$19.1 million General Fund to expand self-help services in trial courts to assist the increasing number of self-represented litigants and achieve court efficiencies.
- Language Access-The Budget includes an increase of \$4 million General Fund to enable the continuation and expansion of interpreter services for civil matters in all courts.
- Pilot Project for Online Adjudication of Traffic Violations-The Budget includes \$3.4 million to establish an online adjudication system for traffic violations in five pilot courts.

Transportation Infrastructure

For 2018-19, the budget includes \$4.6 billion in new transportation funding, which includes:

A focus on “fix-it-first” investments to repair neighborhood roads, state highways and bridges (\$2.8 billion).

Making key investments in trade and commute corridors to support continued economic growth and implement a sustainable freight strategy (\$556 million).

Matching locally generated funds for high-priority transportation projects (\$200 million).

Investing in local passenger rail and public transit modernization and improvement (\$721 million).

Statewide Voting Systems Replacement

The budget includes \$134.3 million General Fund for the purchase of all necessary hardware, software, and initial licensing for the replacement of voting systems and technology in all of the 58 counties.

Libraries

For 2018-19, the budget includes \$9 million for libraries, which includes:

- Augmentation for Literacy Program—An increase of \$2.5 million General Fund ongoing to expand the existing California Library Literacy Services program.
- One-Time Funding for Broadband Grants—\$5 million General Fund one-time for broadband equipment grants, with the expectation that \$2 million would support connection for public libraries who lack access to the broadband network and \$3 million would expand capacity for libraries already connected.
- One-Time Funding for Online Service System—\$1.5 million General Fund one-time for online systems for use by public libraries to support efficient access to resources.

Public Safety Communications

The state budget proposes \$11.5 million in State Emergency Telephone Number Account (SETNA) funds to modernize the state’s system and improve public safety during emergency events.

SB 5 - California Drought, Water, Parks, Climate, Coastal Protection and Outdoor Access for All Act (2017)

If approved by the voters, SB 5 will add \$4 billion in general obligation bonds to implement its provisions, including \$175 million for Coastal protection with \$85 million for state coastal conservancy. The state budget proposes \$1.02 billion for the first year of SB 5 implementation, should the measure be approved. The budget also allocates \$95.5 million from SB 5 for flood control projects that achieve public safety and fish and wildlife improvements.

State and Local Parks

The state budget allocates \$472 million in funding from SB 5 for various park programs and projects, which includes four million in grants for deferred maintenance projects to county fairgrounds and \$464 million for improving and increasing access to local neighborhood parks.

Groundwater Sustainability

The state budget proposal includes \$61.8 million in SB 5 funding for the Department of Water Resources to support SGMA Groundwater Sustainability Agency (GSAs) activities. The budget also proposes \$84 million to the State Water Board to support regional groundwater treatment and remediation activities, including \$10 million in technical assistance for drought and groundwater investments.

Cap and Trade Funding

In result of the extension of the cap and trade program, the state will have \$1.25 billion in cap and trade funds available for appropriation in 2018-19.

In-Home Supportive Services (IHSS)

The state budget contains no changes to the structure of the new county In-Home Supportive Services (IHSS) maintenance of effort (MOE) that was negotiated last year.

Health Care Expansion

California continues to implement the optional expansion of ACA with nearly 3.9 million Californians covered in 2018-19.

2011 Realignment

The state budget updates revenue assumptions for 2011 Realignment programs. For the Community Corrections Subaccount (AB 109) the 2017-18 statewide base remains \$1.241 billion, with growth funding estimated at \$84.3 million. The 2011 Realignment estimates will be revisited and revised in the Governor's May Revision.

Proposition 47

Proposition 47, which was passed in November of 2014, requires misdemeanor rather than felony sentencing for certain property and drug crimes and permitted inmates previously sentenced for these reclassified crimes to petition for resentencing. Based on fall projections, the Department of Finance (DOF) currently estimates a net savings of \$64.4 million when comparing 2017-18 to 2013-14, an increase of \$18.8 million over the estimated 2016-17 savings.

Community Corrections Planning (CCP) Grants

The state budget continues with a round of Community Corrections Planning (CCP) grants totaling \$7.9 million for Community Corrections Partnerships (CCPs) to support work associated with ongoing AB 109 implementation efforts.

Affordable Housing

The timing of SB 2 (Chapter No. 364, Statutes of 2017) appropriations is still unclear, but the state budget does project that \$258 million in tax revenues will be generated through SB 2's recording fee in 2018-19.

Other Legislation and Information

AB 3224 (Thurmond) was amended on March 20th and again on April 18th with clarifying language that would place restrictions on counties from contracting out with eligibility workers that would find citizens that are eligible for the following services – CalFresh, CalWORKS, Medi-Cal, IHSS and various programs for the elderly and disabled. The sponsors of this bill, Western Center on Law and Poverty stated that the language in the bill is only intended to codify existing practice into state law regarding eligibility determinations for certain social services. According to the author, Assemblymember Thurmond, the bill protects Californians who depend on safety-net programs and the government's role of accountability from the Trump administration's announcement allowing the privatization of safety-net program eligibility determinations. Currently, all counties follow the practice of making eligibility determinations; therefore CSAC is taking a neutral position on this bill. Although the County is not currently taking a position on this bill, we are carefully monitoring it in case there are any critical amendments to expand of scope of the bill, since there could be a similar intent of AB 1250 (Jones-Sawyer), which the County heavily opposed last year. The bill passed the Assembly Human Services Committee on April 24th, and passed the Assembly Floor on April 30th with a 54-22 vote. The bill is currently at the Senate desk awaiting referral to policy committees.

SB 1160 (Hueso), which is sponsored by the California Nations Indian Gaming Association would make it a misdemeanor to commit a trespass by entering a gaming facility on the Indian lands of a federally recognized Indian tribe after receiving an order of exclusion from the designated agency of the tribal government. This bill creates a separate category of trespass in the Penal Code that specifies one may not enter a gaming facility on the Indian lands of a federally recognized Indian tribe after receiving an order of exclusion from the designated agency of the tribal government. The bill would possibly create a local control issue for the County since it will create a mandated local program that would possibly force the County to incarcerate and/or prosecute a trespassing person.

Ballot Initiatives

California Two-Thirds Vote for Approval of New Revenue Increases Initiative

Status: Cleared for Circulation (25% signatures reached)

Proponents: Rob Lapsley, president of the California Business Roundtable

For new revenue measures, the proposition broadens definition of state taxes that would require approval by two-thirds supermajority vote of Legislature. For local governments, the proposition would require two-thirds approval of electorate to raise new taxes or governing body to raise new fees. Requires that state and local laws enacting new taxes specify how revenues can be spent. The proposition heightens legal threshold for state and local governments to prove that fees passed without two-thirds approval are not taxes. Invalidates local taxes imposed in 2018, unless taxes meet criteria adopted by this measure.

California Two-Thirds Vote for Local Government Revenue Increases Initiative

Status: Cleared for Circulation

Proponents: Rob Lapsley, president of the California Business Roundtable

For local governments, the proposition requires two-thirds approval of electorate to raise new taxes or governing body to raise new fees. Requires that local laws enacting new taxes specify how revenues can be spent. The proposition also heightens legal threshold for local governments to prove that fees passed without two-thirds voter approval are not taxes. Invalidates local taxes imposed in 2018, unless taxes meet criteria adopted by this measure.

California Voter Approval for Gas and Vehicle Taxes Initiative

Status: Cleared for Circulation (25% signatures reached)

Proponents: Thomas W. Hiltachk

The Proposition repeals the 2017 transportation law's tax and fee provisions that pay for repairs and improvements to local roads, state highways, and public transportation. It will also require the Legislature to submit any measure enacting specified taxes or fees on gas or diesel fuel, or on the privilege to operate a vehicle on public highways, to the electorate for approval.

June 5, 2018 - Statewide Ballot Measures

Proposition 68

SB 5 (De Leon)

The Proposition issues \$4 billion in bonds for parks, environmental protection, and water infrastructure.

Proposition 69

ACA 5 (Frazier)

The Proposition will require certain tax and fee revenue related to transportation to be used for transportation purposes.

Proposition 72

SCA 9 (Glazer)

The proposition excludes rainwater capture systems from property tax assessments.

AB 653 - Tribal Tax Issues

AB 653 (Ridley-Thomas) was legislation sponsored by the Chumash Tribe, which passed the Assembly last year and was set for hearing in the Senate Governance and Finance Committee on August 30, 2017. After lengthy discussions between the sponsors, the County, our legislative delegation, CSAC and the rural counties, the sponsors and author decided to cancel the hearing. The bill is now a two-year bill, but the author of the bill, Sebastian Ridley-Thomas (D-Los Angeles) resigned due to health reasons.

We have been in contact with the sponsors of the bill, and we understand that there is still some interest, but if there will be any movement, it won't be until later in the year. We continue to monitor the bill and watch for any other pieces of legislation that could possibly be amended into a similar concern for the County.

Cannabis

The passage of Prop 64 allowed the recreational use of marijuana in California which created a number of cannabis policy, trailer bill language and regulations by the Bureau of Marijuana Control, CalCannabis and the Department of Public Health this session. In addition to Prop 64, which was approved in 2016, the Governor signed into law the Medical Cannabis and Regulatory Safety Act (MCRSA) in 2015. These two laws contained several differences; therefore in addition to the \$94.6 million appropriated in the budget to implement California's cannabis laws, the budget package included trailer bill SB 94 that merged provisions of MCRSA together with Prop 64.

Most of the cannabis issues this year were worked through a compromised deal by the Assembly, Senate and Administration through the cannabis trailer bill language in SB 94 and the clean-up cannabis trailer bill AB 133, with a majority of policy bills becoming either two-year bills or receiving a veto from the Governor.

Although the CalCannabis Cultivation Licensing program, the Bureau of Cannabis Control, and the Department of Public Health published their proposed draft regulations for implementing MCRSA in the Spring, SB 94 and changed current law. In order to be consistent with changes in the law, the Bureau had to withdraw proposed regulations and has released new emergency regulations on November 16th, and became effective in December of 2017.

Meanwhile, the CalCannabis Cultivation Licensing program prepared a Draft Program Environmental Impact Report in accordance to CEQA, which provided information of potential environmental effects associated with the implementation of cannabis cultivation regulations. CalCannabis began issuing state cannabis cultivation licenses on January 1, 2018 and is currently accepting applications for temporary and annual cannabis cultivation licenses for cultivators, nurseries and processors. The emergency regulations for shared-use facilities were released by CDPH's Manufactured Cannabis Safety Branch on March 22, and were filed with the Office of Administrative Law on April 3, and were approved and became effective on April 13th. CDPH is now accepting shared-use facility registrations from state-licensed cannabis manufacturers.

Discussion surrounding banking the cannabis industry remains a priority for California. The sponsor of the bill, Board of Equalization Member Fiona Ma testified at the Senate Banking and Financial Institutions Committee hearing on April 18th and stated that there is no productive way for tax agencies to audit dispensaries, this is an issue because although the Board of Equalization are doing the best they can about the sales tax they generated, she estimates that only about 1/3 is being reported. SB 930 (Hertzberg) passed the Senate Banking and Financial Institutions Committee on April 18th after the author took amendments to include credit unions in the bill among other provisions. SB 930 (Hertzberg) creates limited purpose charter banks and credit

unions licensed and regulated by the Department of Business Oversight (DBO), and would authorize the limited purpose banks and credit unions to provide depository services and issue special checks to cannabis-related businesses, it also authorizes the limited purpose banks and credit unions to obtain private depository insurance, as authorized by the DBO, in lieu of FDIC insurance, and would create an oversight Board with the State Treasurer, Controller and the Chief of the Bureau of Cannabis Control as members and the Director of the Department of Finance as an ex-officio member, among multiple other provisions. SB 930 (Hertzberg) continued to pass the Senate Governance and Finance Committee on April 25th with a 6-1 vote with Senator Janet Nguyen (R) voting no. The bill is fiscal and has been referred to the Senate Appropriations Committee.

Meanwhile on April 10th, the Sacramento Bee reported that in the first two months of cannabis legalization, consumers bought an estimated \$339 million worth of marijuana products from retailers in California - 13 percent less than state projections according to a leading analytics firm. Although this was not the official state report, the state estimated that retail cannabis sales for the remaining six months of this fiscal year would be \$383 million every two months. They continued to report that the low sales figures come as the cannabis industry has been complaining about how high taxes and local-government bans are driving consumers to the black markets.

Bills of Interest to the County

AB 334 (Cooper) Federal VAWA legislation passed in 2011 mandated the provision of free sexual assault forensic medical exams for patient/victims who do not want to cooperate with law enforcement agencies. The original California statute passed in 1977 mandating that local law enforcement agencies pay for sexual assault exams was amended after 35 years to comply with VAWA. The amended statute specified that law enforcement agencies could be reimbursed \$300 by Cal OES out of their State VAWA appropriation for exams involving the non-cooperative patient/victim. The legislation passed the Senate Judiciary Committee with a 6-1 vote, but the author pulled the bill out of the Senate Public Safety Committee, therefore the bill is now a two-year bill. The County is in support of the bill.

AB 653 (Ridley-Thomas) The legislation is sponsored by the Chumash Tribe, and was amended on August 23rd to state that beginning the 2018-19 fiscal year, property owned in fee or held in trust by a federally recognized Indian Tribe, or owned in fee or held in trust by a charitable nonprofit organization is exempt from taxation if the following conditions are met: The tribe has submitted an initial written request or trust application to the US Department of the Interior and the department has determined that the initial written request trust application is complete, and that the tribe has submitted both of the following to the assessor: documents establishing that the tribe is federally recognized and documents establishing that the initial written request or trust application is under consideration by the US Department of the Interior. The property is used primarily for tribal housing, an essential governmental function, or other charitable purposes including but not limited to, tribal religious, education, museum, hospital, and cemetery facilities or for the preservation of agriculture and open space. The author of the bill cancelled the Committee hearing, and the bill is now a two-year bill. The County opposed the legislation.

AB 726 (Holden) The legislation would have created a freeze on any new forming Community Choice Aggregation (CCA) organizations and restricted the ability to expand existing Community Choice Energy (CCE) programs. The County of Santa Barbara was opposed to AB 726 and AB 813, unless CalCCA's amendments were adopted. The bills were held in the Senate Rules Committee and are now two-year bills. AB 813 (Holden) was amended on March 8th, and will now prohibit California electrical transmission facility owners, a retail seller of electricity or a local publicly owned electric utility from participating in a multistate regional transmission system organization. The bill is currently in the Senate Rules Committee, we are reviewing the amendments to see if this could potentially affect the County.

AB 1250 (Jones-Sawyer) The County is in strong opposition to the bill. The bill creates specific conditions and requirements that would apply when a county enters into a new contract or renews or extends an existing contract, and also specifies the conditions that must be met in order to permit a personal services contract. The Chair of the Senate Appropriations Committee claimed that there needs to be more negotiations on the bill. The bill was held in the Senate Rules Committee and is now a two year bill.

AB 3194 (Daly) The bill restricts local government ability to reduce housing project densities. The County is opposed unless amended to allow locally developed Housing Element or zoning ordinances to address site specific conditions. The bill is set for hearing on May 9th in the Assembly Local Government Committee.

SB 349 (Lara) This bill would require minimum staffing ratios for dialysis clinics and a minimum transition time between dialysis patients, as follows, commencing January 1, 2020. The bill increases the likelihood of quality care for individuals with End Stage Renal Disease by reducing the risk of infections, cardiac related and other causes of death. This bill is currently on the inactive file, but we are still monitoring just in case of any future movement. The County is in support of the legislation.

SB 588 (Hertzberg) This bill substantially revises the existing state rigs-to-reefs program that allows for the partial removal of oil and gas platforms in state or federal waters if the remaining portion is converted into an artificial reef and certain conditions are met. The bill passed the Assembly Water, Parks and Wildlife Committee on June 29th with a 12-2 vote, and then was referred to the Assembly Natural Resources Committee but didn't meet the policy deadline, therefore is now a two-year bill. County opposes the bill.

SB 821 (Jackson) This bill authorizes a county to access the contact information of residents, through the records of a public utility, for the sole purposes of enrolling residents in a county-operated public emergency warning system. The County supports this legislation. The bill passed the Senate Government Organization Committee on April 24th, and then passed the Senate Floor with a 35-0 vote on April 26th. The bill is currently at the Assembly Desk. The County is in support of the bill.

SB 827 (Wiener) The bill would require the County to grant housing development projects, in key transit corridors, a "bonus" by exempting the project from certain local development requirements such as density, maximum floor area, parking requirements and height restrictions. This would effectively negate development standards for housing along the State Street/Hollister

Avenue transit corridor as well as in already crowded Isla Vista. On April 17th, the bill died in the Senate Transportation and Housing Committee with a 4-6 vote. The County was in opposition to the bill.

SB 828 (Weiner) This bill makes a number of changes to the regional housing needs allocation (RHNA) process. The bill would double the RHNA allocations (from 100% of need to 200%), would assess the underproduction of housing that is added to the new allocation, requires development by-right in certain circumstances to count the rezone of land to the RHNA allocation and requires unit capacity assessment of local governments accepted if there is a minimum density. The bill passed the Senate Transportation and Housing Committee on April 24th and is currently referred to the Senate Appropriations Committee. The County opposes this bill.

SB 833 (McGuire) The bill would require the red alert system to incorporate a variety of notification resources and developing technologies that may be tailored to the circumstances and geography of the underlying evacuation. The bill would require a local government agency or state agency that uses the federal Wireless Emergency Alert (WEA) system to alert a specified area of an evacuation order to use the term “red alert” in the alert and notify OES of the alert. The bill passed the Senate Committee on Governmental Organization on April 10th. The bill is currently on the Suspense File in the Senate Appropriations Committee. The County is in support of this bill.

SB 914 (Dodd) This bill expands the types of projects that can be delivered by counties using the construction manager at-risk procurement method. The bill authorizes a county or associated public entity, with approval of the board of supervisors, to use the CMAR project delivery method on any infrastructure owned or leased by the county, excluding roads. The bill passed the Senate Governance and Finance Committee on April 11th and passed the Senate Floor with a 38-0 vote. The bill has been referred to the Assembly Local Government Committee. The County is in support of this bill.

SB 917 (Jackson), which would clarify that under current law, an insurance policy will cover loss or damage resulting from a landslide if that landslide was attributable to a condition already covered by the policy, such as wildfires. The bill passed the Senate Committee on Insurance on April 25th with an 8-1 vote. The bill is currently on the Senate Floor on its third reading. The County is supporting the bill.

SB 933 (Allen) The bill establishes the Arts for Every Student Incentive Grant Program, to be administered by the California Department of Education (CDE), to encourage and maintain the delivery of high-quality visual and performing arts education programs. This bill will require funding from the Budget Act. The funding proposal is consisted of \$50 million one-time budget appropriation to support the “Arts for Every Student Act,” which will provide California school districts with a jump start in arts education funding. The budget request will be heard on May 10th in the Senate Subcommittee #1 on Education. Meanwhile, SB 933 (Allen) passed the Senate Education Committee on April 4th, and has now been placed on the Suspense File in the Assembly Appropriation Committee. The County is in support of both the budget proposal and the bill.

SB 1088 (Dodd) – This bill establishes the Utility Infrastructure, Safety, Reliability, and Accountability Act, and requires the Office of Emergency Services (OES) to adopt standards for reducing risks from a major event, as defined. Additionally, this bill requires each electrical corporation or gas corporation to submit a safety, reliability, and resiliency plan to the California Public Utilities Commission (CPUC) every two years. The County was in support unless amended position to strike out the “for all purposes” language in the bill which could have provided possible liability limitations for utilities. The author took the suggested CSAC’s amendments, which will be in print on May 3rd, once the amendments are in print the County will state their support position.

Conclusion

The Legislature is now in the midst of deadlines to consider bills in policy and fiscal committees. The deadline for policy committees to hear and report to fiscal committees the fiscal bills that were introduced in their house of origin was on April 27th, meanwhile the next legislative deadline is on May 11th, which will be the last day for policy committees to hear non-fiscal bills introduced in their house. May 18th will be the last day for policy committees to meet prior to June 4th, while May 25th will be the last day for fiscal committees to hear and report to the Floor bills that were introduced in their house of origin, as well as the last day for fiscal committees to meet prior to June 4th.

The budget subcommittees are currently meeting and are discussing budget proposals, leaving most items open for discussion while they wait for the Department of Finance and the Administration to issue the May Revise, which will be around May 11th. The budget subcommittees will then meet until around May 25th to make decisions and then the budget conference committee will be meeting to adopt the budget by the June 15th deadline. The Legislature will then send it to the Governor where he will have the authority to “blue pencil” any appropriation contained in the budget.

We look forward to discussing priorities in the Legislature and will continue to work with staff 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.