

TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate
Kristina Gallagher

RE: 2018 August Update

DATE: September 4, 2018

End of Session Wrap-up

The Legislature reconvened from Summer Recess on August 6th to finish the last month of the last year of the 2017-18 Legislative Session and adjourned on Friday, August 31st. The 2019-2020 session will convene on December 3rd for an Organizational Session.

Multiple issues remained in the Legislature up until the final hour of session. Among the last-minute deals was legislation surrounding wildfire liability – although any change to inverse condemnation was off the table, the legislature worked into the evening on August 31st to debate SB 901 (Dodd). The bill passed both houses on August 31st and will now be awaiting the Governor's action on the bill.

Another last-minute issue was a gut and amend of AB 2534 (Limon). The bill was amended on August 24th to require the Department of Parks and Recreation to establish the Outdoor Equity Grants Program to increase the ability of underserved and at-risk populations to participate in outdoor environmental educational experiences at state parks and other public lands. Further, the bill creates two subaccounts to provide access for funding for a coastal access program at Hollister Ranch in Santa Barbara County. The purpose of the bill was to ensure that all communities and students can access California State Parks and public land which would be a step towards removing barriers that have prevented the public from accessing Hollister Ranch. The bill passed the Senate Floor with a 27-9 vote and was concurred in the Assembly. The bill is currently in enrollment.

SB 1459 (Cannella) was also gutted and amended on August 24th to establish a provisional cannabis license that may be issued at the sole discretion of a licensing authority, as specified, until January 1, 2020. This effort which was led by CSAC and will allow counties additional time to review pending commercial cannabis applications at the local level and complete the environmental review process. The bill was timely for the County since the California Department of Food and Agriculture sent a letter to the County in August that stated commercial cannabis cultivators must have a temporary or annual license from the Department to operate in accordance with state law and unless proof of compliance is received, temporary cultivation licenses will not be issued or extended after January 1, 2019. The bill passed the Assembly Floor and Senate Floor and is currently in enrollment.

SB 901 (Dodd)

The issue surrounding inverse condemnation was the main priority for the County as IOUs had been attempting to get immunity from liability regarding the causation of wildfires since the beginning of the year. The Wildfire Preparedness and Response Legislative Conference Committee, also known as the “Committee on SB 901 (Dodd)” was formed after the Administration and Leadership issued a statement on July 2nd announcing that there is a need for legislation to strengthen disaster preparedness and stated the importance to set a new policy surrounding the increase in wildfires in California. The Committee began to meet at the end of June up until the last week of Session to discuss ideas and create a substantive proposal. The Governor came out with a proposal on July 23rd which would have changed strict liability rules for utilities. Inverse condemnation is a traditional doctrine in the California constitution. Counties argued that the Governor’s proposal was not only unconstitutional, but if passed, it would create litigation in courts that would last for decades, resulting in a halt in resiliency among communities that are continued to be burdened by wildfires.

After extensive hearings and negotiations, Co-Chair Senator Bill Dodd announced that any changes to inverse condemnation were off the table. Among the Committee’s members was Senator Hannah-Beth Jackson (D-Santa Barbara) who was a major influence on the decision to eliminate any changes to inverse condemnation in the new proposal. On the evening of August 28th, the Committee announced the final draft of the amendments to SB 901 (Dodd). The amendments surrounding wildfire costs deleted the provision eliminating strict liability and instead created a procedure which would allow IOUs to issue revenue bonds to cover their liability debt, among other provisions. As stated previously, the bill passed both houses on August 31st and will now be awaiting the Governor’s action. Some of the elements in the SB 901 package include:

Forestry and Landscape Management:

- \$1 billion over the next five years from the Greenhouse Gas Reduction Fund (GGRF) for improved forest management and fire prevention programs
- Requires CALFIRE to create the Wildfire Resilience Program (Program)
- Requires the Board of Forestry to develop criteria and maintain a "Fire Risk Adapted Community" list of local agencies that meet best practices for local fire planning, this prioritizes local agencies on the list for CALFIRE's local assistance fire prevention grants
- Creates the Forest Fire Prevention Exemption which allows two miles of temporary roads on slopes up to 30% per ownership in a single planning watershed for any five-year period
- Allows, until January 1, 2023, prescribed fire, thinning, or fuel reduction projects undertaken on federal lands to reduce the risk of high-severity wildfire that had been reviewed under the federal National Environmental Policy Act (NEPA), from the California Environmental Quality Act
- Expands eligible fuels and feedstocks from forest materials for 125 megawatts of biomass facilities in the state under five-year procurement contracts, modifies the monthly and

annual fuel reporting requirements for those facilities, and requires an offer to extend current biomass contracts for an additional five years if those plants follow fuel stock requirements and are not in severe or extreme non-attainment areas

Improved Utility Fire Prevention:

- Allows for the advanced placement of firefighting resources and increased safety standards and planning requirements for utilities
- Expands the filing requirements of IOU wildfire mitigation plans to include: protocols for deenergizing electric lines, addressing risk drivers, actions to make the system safe, reliable and resilient including undergrounding, insulation of wires and pole replacement, public comment and review of the plans, cost review, CALFIRE review, and an independent evaluation of the IOU's subsequent compliance with the plan
- Authorizes the California Public Utilities Commission (CPUC) to assess penalties on an IOU that fails to substantially comply with approved wildfire mitigation plans
- Requires all local publicly owned utilities to review the necessity of wildfire mitigation plans and consider specified measures, as necessary, for strengthening the plans

2017 Wildfire Cost:

- Requires utilities to pay for negligent behavior, to the extent they can afford to do so without impacting ratepayers or their ability to provide service
- Includes a financial stress test to determine how much debt shareholders can afford, before any impact to ratepayers will be determined.
- Allows utilities to bond out their liability debt, minimizing ratepayer costs by spreading out repayment over long periods of time; helping to keep utilities financially solvent

Future Wildfire Cost Recovery:

- For wildfires occurring after January 1, 2019, the bill establishes a new standard of review to be used by the CPUC to determine whether those costs are just and reasonable; and authorizes, but does not require, the CPUC to order financing for costs and expenses deemed just and reasonable to be secured by a non-passable charge on distribution customers.

Temporary Cannabis Licenses

As previously mentioned, another end of session issue was surrounding the need to extend the deadline for temporary cannabis licenses at the state level, which were set to expire by the end of the year. CSAC addressed this issue with the Legislature and the Administration and created a proposal amending into SB 1459 (Cannella), which allows state licensing agencies to issue provisional commercial cannabis licenses to businesses that are working their way through the licensing process at the state and local level. The bill allows counties additional time to review pending commercial cannabis applications at the local level and complete the environmental review process. The time frame for this provisional annual license would only last for one year

until January 2020. In the final week of session SB 1459 (Cannella) managed to pass both the Assembly and Senate Business and Professions Committee as well as both Houses of the Legislature. The bill is currently in enrollment and will then be awaiting the Governor's action on the bill.

California Climate Investments Organics Grant Program

On June 19th, CalRecycle held a public meeting at CalEPA where they stated awards for the California Climate Investments Organics Grant Program (Greenhouse Gas Reduction Fund). Governmental Advocates, along with CSAC testified in strong support for the recommended \$4,000,000 in grant funds awards to the Santa Barbara County Public Works Department to develop an Anaerobic Digestion Facility at the County-owned and operated Tajiguas Landfill.

This project will be the single largest reducer of greenhouse gases for the Santa Barbara community and as such is vital for the jurisdictions to achieve the goals set out in their climate actions plans. This facility is expected to process over 80% of the organics that are currently landfilled into biogas. The digestate will be composted on the site, and the biogas will be used to generate electricity as per an agreement in place with Southern California Edison. This project has been over a decade in the making and during this time has increased in importance for the County. The grant awards were officially approved and signed by the Director of CalRecycle on July 2nd.

Fires and Floods

Santa Barbara County has suffered devastating losses that resulted in property damage, disrupting thousands of lives, businesses and government services due to the Thomas Fire. After weeks of wildfires, the Santa Barbara County continued to suffer devastating mudslides, which created tremendous loss resulting in wide spread debris flows, property loss and multiple fatalities. The state of California has continued to be burdened with wildfires since the Thomas Fire, which created for multiple bills in the legislature in the 2017-18 Session, with SB 901 (Dodd) having the largest impact. Other pieces of legislation also continued to move with several bills already signed or awaiting the Governor's action.

On July 11th Governor Jerry Brown signed AB 1799 (Levine), which requires insurers to provide one free, full set of policy documents, including any endorsements, and the policy declarations page within 30 calendar days of a covered loss, upon request of a policyholder. The bill was sponsored by Insurance Commissioner Dave Jones who stated, "This legislation reinforces current law by requiring insurers to provide crucial policy information to wildfire survivors...Making sure homeowners have enough information to make informed insurance coverage decisions and have the peace of mind insurance is meant to provide is critical..." Another piece of legislation – AB 1797 (Levine) that was sponsored by the Insurance Commissioner was signed by the Governor on August 28th. AB 1797 (Levine) is aimed at making sure that homeowners are given an updated replacement cost estimate for their home. Current regulations require a complete and comprehensive estimate of the cost to replace a home when a replacement estimate is provided by the insurer, but state law does not mandate that insurers produce or regularly update a replacement cost calculation. AB 1797 would require insurers to either provide a policyholder with a full replacement cost estimate every other year or

apply an inflation factor to the dwelling limit at each renewal and clearly offer the consumer the option to obtain a full replacement cost estimate.

The other California Department of Insurance sponsored bills that are continuing through the legislative process include:

SB 894 (Dodd) This bill, after a total loss of a home in a declared disaster area, requires an insurer to renew a residential insurance policy for at least two annual renewal periods or 24 months, whichever is greater, as specified; requires an insurer to grant an additional 12-month extension for a total of 36 months for additional living expense (ALE) if an insured acting in good faith and with reasonable due diligence encounters a delay in the reconstruction process, subject to policy limits; allows an insured to combine payments for actual losses up to the policy limits for the primary dwelling and other structures, limited to the amount necessary to rebuild or replace the home if the policy limits for the dwelling are insufficient; and specifies that the payments for losses under this provision shall be full replacement value without requiring the replacement of the other structures. *The bill passed Assembly Insurance Committee on June 27th, and then passed the Assembly Floor with a 51-25 vote and was concurred in on the Senate Floor. The bill is currently in enrollment.*

AB 1772 (Aguiar-Curry) This bill extends the minimum time limit for an insured to collect the full replacement cost of a loss related to a state of emergency to 36 months; requires an insurer to provide additional extensions of 6 months if the insured, acting in good faith and with due diligence, encounters a delay or delays in approvals or reconstruction of the home; and requires all policy forms issued or renewed by an insurer to be in compliance with these changes on or after July 1, 2019. *The bill passed the Assembly Floor and passed the Senate Insurance Committee with an 11-0 vote, the bill was then placed on the Inactive File but then taken off the Inactive File and continued to pass the Senate Floor and was concurred in on the Assembly Floor. The bill is currently in enrollment.*

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. *The bill passed the Senate Insurance Committee 11-0. The bill then passed third reading on the Senate Floor, was concurred in the Assembly, and signed by the Governor on August 27th. The bill is now chaptered into law.*

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 Floor, passed the Senate Insurance Committee on June 13th and passed the Senate Floor 36-0 and was concurred in and signed by the Governor on July 9th. The bill is now chaptered into law.*

AB 1800 (Levine) This bill prohibits, in the event of a total loss, a residential property insurance policy from containing a provision that limits or denies payment of building code upgrade cost or replacement cost, including extended replacement cost, to the extent those costs are otherwise covered under the policy, based on the fact the insured has chosen to rebuild or purchase a home at a new location. *The bill passed the third reading in the Senate and was concurred in on the Assembly Floor. The bill is currently in enrollment.*

AB 1875 (Wood) The bill was amended to requires the Department of Insurance (DOI) to develop a homeowner's insurance finder tool. The bill specifically requires the DOI to establish a home insurance finder on its website that helps homeowners find insurers that are offering homeowner's policies in their area, requires an insurer that refuses to offer or renew a homeowner's insurance policy to refer the homeowner to the DOI home insurance finder, requires an insurance agent to refer a homeowner to the DOI homeowner's coverage comparison tool if an insurer doesn't offer or declined to offer extended replacement cost coverage. The bill defers the effective date of the requirements to refer to the home insurance finder or homeowner's coverage comparison tool until July 1, 2020. *The bill passed Senate Insurance Committee on June 27th. Then passed out of the Senate Appropriations Committee Suspense File, passed the Senate Floor and then was concurred in the Assembly. The bill is now in enrollment and on its way to the Governor's desk.*

AB 2594 (Friedman) This bill extends the statute of limitations for a homeowner to sue their insurer for losses associated with a declared state of emergency. Specifically, this bill extends the existing statute of limitations for a homeowner to sue their insurer from 12 to 24 months if the loss is related to a declared state of emergency. *The bill passed the Senate Insurance Committee on June 27th, then passed the Senate Floor and was concurred in the Assembly. The bill is now in enrollment and on its way to the Governor's desk.*

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

SB 821 (Jackson) The bill was amended to authorize a county or a city to inter into an agreement to access the contact information of residents, through the records of a public utility or county social services department, for the sole purposes of enrolling residents in a county-operated public emergency warning system. The bill will now require a county that enters into such an agreement to include procedures to enable any resident to opt out of the warning system and a process to terminate the receiving agency's access to the resident's contact information. *The bill passed the Assembly Floor with an 80-0 vote, and was concurred in the Senate. The bill is currently in enrollment. The County is in support of this bill.*

SB 824 (Lara) This bill prohibits an insurer from canceling or refusing to renew a homeowners' insurance policy for one year from the date of a declaration of a state of emergency, as specified; and requires admitted insurers with at least \$10 million in written premiums in California to biennially report to the California Department of Insurance (CDI) specified fire risk information on residential property policies, as specified. *The bill passed the Assembly Judiciary Committee, then passed the Assembly Appropriations Committee and continued to pass the Assembly Floor Committee and was concurred in the Senate. The bill is now in enrollment and on its way to the Governor's desk.*

SB 833 (McGuire) This bill requires the Office of Emergency Services (OES), in consultation with specified stakeholders, to develop voluntary guidelines for alerting and warning the public of an emergency and requires OES to develop an alert and warning training. The prior version of this bill required OES to ensure that local emergency offices were registered Wireless Emergency Alert (WEA) operators and that each office had appropriate equipment and software and imposed a mandate on local agencies resulting in significant reimbursable costs. The current

version of the bill removes those local requirements and instead authorizes OES to require a city or county to operate its alerting system in a manner that is consistent with state guidelines as a condition for certain types of grant funding. *The bill passed the Assembly Governmental Organization on June 28th, passed the Assembly Appropriations Committee and then passed the Assembly Floor. The bill was then concurred in the Senate and is now in enrollment, on its way to the Governor's desk.*

SB 896 (McGuire) This bill extends the former aggravated arson offense until January 1, 2024 and increases the threshold of property damage and other losses constituting an aggravating factor for aggravated arson from \$7 million to \$8.3 million. *The bill passed the Assembly Appropriations Committee on June 27th, then passed the Assembly Floor. The bill was concurred in the Senate and is now in enrollment, on its way to the Governor's desk.*

SB 901 (Dodd) As stated above, this is the bill that was amended on August 28th to establish a framework to address and prevent wildfires including prevention and planning by the state's electric utilities, management of the state's forests, chaparrals, and other lands to prevent and defend against wildfires, and standards to stabilize electrical corporations (IOUs) in the event of extensive liability resulting from claims under inverse condemnation. *The bill was the main discussion of the Wildfire Preparedness and Response Legislative Conference Committee. The bill was thoroughly discussed and was negotiated between multiple stakeholders including the local governments, utilities, ratepayer associations, environmental groups and the insurance industry. The bill passed both the Assembly and Senate Floors and on its way to the Governor's desk. The County, along with CSAC became in support of the Legislation in its final form.*

SB 1260 (Jackson) This bill is an omnibus fire prevention and forestry management bill that will promote long-term forest health and wildfire resiliency. This bill authorizes federal, state, and local agencies to engage in collaborative forestry management, creates new opportunities for public and private land managers to mitigate wildfire risks, and enhances the Department of Forestry and Fire Protection's (CalFire's) role in identifying wildfire hazards as local governments plan for new housing and neighborhoods. *The bill passed the Assembly Floor and was concurred in the Senate. The bill is currently in enrollment.*

AB 1877 (Limon) The bill requires the Office of Emergency Services (CalOES) to create a library of translated emergency notifications and a translation style guide, as specified, and requires designated alerting authorities to consider using the library and translation style guide when issuing emergency notifications to the public. *The bill passed the Senate Governmental Organization Committee on June 26th, passed the Assembly Appropriations Committee Suspense File, passed the Senate Floor and then was concurred in the Assembly. The bill is currently in enrollment and on its way to the Governor's desk.*

2018-19 State Budget

The Governor's January 2018-19 Budget proposed \$131.7 billion in state General Fund expenditures. The May Revise which was released on May 11, 2018, reflected the receipt of \$8 billion in higher revenues through 2018-19 compared to the January Budget.

On June 8th, Legislative Leadership along with the Administration announced that they reached a budget agreement for the 2018-19 state budget. On June 14th, the Legislature sent their \$138.6 billion General Fund budget package to the Governor along with 22 budget trailer bills. On June 27th, the Governor signed a \$201 billion state 2018-19 budget without any veto on the items in the budget.

Some key highlights specific to the County in the State Budget include:

Property Tax Backfill

The Budget included \$32.8 million General Fund to backfill the property tax revenue losses that cities, counties, and special districts will incur in 2017-18 and 2018-19 due to the 2017 wildfires and resulting mudslides in California. Of this amount, \$21.8 million is for Northern California jurisdictions and \$11 million for Southern California jurisdictions. The property tax losses in Santa Barbara County are \$2.62 million for FY 17-18 and \$5.64 million for FY 18-19, which were both funded by the May Revision.

Debris Removal Cost Share Waiver

The May Revision included \$29.1 million General Fund to waive the local match for only Northern California counties' costs of debris removal, but did not include Southern California counties. We were successful in receiving the waiver for debris removal that equates to \$3.2 million for the County in the final budget. The total for Southern California was \$5.5 million, which was based on CalOES' latest estimates.

Elimination of the 340B Program – Rejected

The Governor's January 2018-19 budget proposal eliminated 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 would have directly affected 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 have negatively impacted the County's health care safety net. The May Revision maintained the Administration's proposal to prohibit the use of federal 340B Drug Pricing Program reimbursements within the Medi-Cal program beginning July 1, 2019, to prevent duplicate discounts and overpayments, and reduce drug rebate disputes. The Administration estimated this proposal would have resulted in \$16.6 million General Fund savings annually beginning in 2020-21. This was a huge concern for the County since the 340B Program provides significant benefits to the Santa Barbara County Public Health Department and the patients served. Both houses of the Legislature rejected the Governor's proposal to discontinue the state's administration of the federal Medicaid 340B Discount Drug Pricing program.

Other Legislation and Information

SB 10 (Hertzberg) This bill creates a risk-based non-monetary pre-arraignment and pretrial release system for people arrested for criminal offenses including preventative detention procedures for person's determined to be too high a risk to assure public safety if released. The bill was chaptered into law on August 28th.

SB 872/AB 1838 (Committee on Budget and Fiscal Review) were amended on June 25th and prohibit new local taxes on groceries, such as carbonated and noncarbonated nonalcoholic beverages through 2030. SB 872 and AB 1838 were crafted through a deal made with the Administration, Legislative Leadership, and the proponent of the “California Two-Thirds Vote for Approval of New Revenue Increases” ballot initiative - Robert Lapsley, President of the California Business Roundtable. The initiative was removed off the November Ballot, and the AB 1838 was chaptered on June 28th while SB 872 was chaptered on July 9th.

Although these bills are a preemption of local control, the initiative, if to be passed, would have increased the threshold for passing any new tax or tax hike to two-thirds of voters or an elected body. The AB 1838 was signed by the Governor on June 28th with a message from the Governor stating, “Out of 482 cities in the state of California, a total of 4 cities are considering passing a soda tax to combat the dangerous and ill effects of too much sugar in the diets of children. In response, the beverage industry as circulated a far-reaching initiative that would, if passed, raise the approval threshold from 50% to two-thirds on all measures, on all topics in all 482 cities. Mayors from countless cities have called to voice their alarm and to strongly support the compromise which this bill represents. The initiative also contains language that would restrict the normal regulatory capacity of the state by imposing a two-thirds legislative vote on what is now solely within competency of state agencies. This would be abomination...For these reasons, I believe AB 1838 is in the public interest and must be signed.”

SB 1160 (Hueso), which was sponsored by the California Nations Indian Gaming Association would have made 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. The bill did not move out of the Assembly Committee on Public Safety because the Author has cancelled the hearing. Since the bill failed to move out of the assigned policy committee, therefore the bill is now dead.

AB 3224 (Thurmond) was amended on June 20th with more 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. The County did not take a position on this bill, but was 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 Senate Human Services Committee, passed the Senate Floor and was concurred in the Assembly. The bill was chaptered into law on August 20th.

Qualified Ballot Initiatives

Proposition 1

Authorizes Bonds to Fund Specified Housing Assistance Programs.

The ballot measure would give the state permission to borrow \$4 billion to fund affordable housing construction and rental and home loan subsidies. The money would be used to build and renovate rentals, to offer home loan assistance to vets, to construct additional housing in dense urban areas and near public transit, to offer down payment assistance and other aid to low- and moderate-income homebuyers and to provide loans and grants for agricultural workforce housing development.

Proposition 2

Authorizes Bonds to Fund Existing Housing Program for Individuals with Mental Illness.

The ballot measure would give the state permission to borrow \$2 billion to fund supportive housing for those suffering with mental illness. That debt would be repaid with money previously set aside for county-run mental health services.

Proposition 3

Authorizes Bonds to Fund Projects for Water Supply and Quality, Watershed, Fish, Wildlife, Water Conveyance, and Groundwater Sustainability and Storage.

The ballot measure would give the state permission to borrow \$8.9 billion to fund watershed protection, water supply improvements including wastewater treatment, habitat restoration, groundwater management, flood protection projects, as well as upgrades and repairs to traditional water infrastructure, like canals and dams.

Proposition 4

Authorizes Bonds Funding Construction at Hospitals Providing Children's Health Care.

The ballot measure would give the state permission to borrow \$1.5 billion to fund renovations, expansions, and upgrades at hospitals that treat children. Most of the funding is reserved for the state's eight private non-profit children's hospitals and the five hospitals run through one of the University of California campuses.

Proposition 5

Changes Requirements for Certain Property Owners to Transfer their Property Tax Base to Replacement Property.

The ballot measure would allow older or disabled homeowners to take a portion of their lowered property tax base with them if they sell their home and move. Ever since voters passed Proposition 13 in 1978, property taxes have been calculated based on a home's purchase price, rather than its current market value, which has kept property tax bills low for longtime homeowners despite high real estate prices. The proponents of the ballot claim this discourages people from moving, since property tax assessments are usually reset when you buy a new home.

Proposition 6

Eliminates Certain Road Repair and Transportation Funding. Requires Certain Fuel Taxes and Vehicle Fees be Approved by The Electorate.

The ballot measure would repeal a recent increase in the gas tax and other fuel and car fees and require voter approval for all transportation-related tax increases in the future. Taxes to be rolled back include a 12-cent hike in the gasoline excise tax, a 4 percent increase in the diesel sales tax, as well as a new annual vehicle fee based on the value of the car or truck.

Proposition 7

Conforms California Daylight Saving Time to Federal Law. Allows Legislature to Change Daylight Saving Time Period.

The ballot measure would repeal the 1949 law that created Daylight Savings Time. If passed, the Legislature would then be able to pass a law with a two-thirds majority eliminating the biannual tradition of moving clocks backward and forward every spring and fall.

Proposition 8

Regulates Amounts Outpatient Kidney Dialysis Clinics Charge for Dialysis Treatment.

The ballot measure would require companies operating dialysis clinics to payback any profits over 15 percent of qualifying business costs. Payments would be made to insurance companies.

Proposition 9

On July 18, 2018, Proposition 9 was removed from the ballot by order of the California Supreme Court. The ballot would have required the state to petition Congress to divide the state of California into three states: California, Northern California, and Southern California.

The state unanimous order stated that Proposition 9 was removed "because significant questions have been raised regarding the proposition's validity and because we conclude that the potential harm in permitting the measure to remain on the ballot outweighs the potential harm in delaying the proposition to a future election."

Proposition 10

Expands Local Governments' Authority to Enact Rent Control on Residential Property.

The ballot measure would allow cities to introduce new restrictions on market rents or expand existing rent control policies.

Proposition 11

Requires Private-Sector Emergency Ambulance Employees to Remain On-Call During Work Breaks. Eliminates Certain Employer Liability.

The ballot measure would continue to allow private ambulance services to require their emergency medical service employees to remain on call during meal and rest breaks. Also guarantees technicians additional training and some paid medical health services.

Proposition 12

Establishes New Standards for Confinement of Specified Farm Animals; Bans Sale of Noncomplying Products.

The ballot measure would place specific size requirements on the coops and cages used to contain breeding pigs, veal calves, and egg-laying hens. It would also require all egg-laying hens be raised in specified “cage-free” conditions by 2022. California businesses would be prohibited from selling any food products that come from animals not raised in compliance with this law, even if they come from out of state.

Cannabis

In June 2017, California Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), which creates one regulatory system for both medicinal and adult-use cannabis. Under MAUCRSA, the California Department of Food and Agriculture (CDFA) was designated as the state agency responsible for issuing licenses to commercial cannabis cultivators in California. CDFA’s emergency regulations were released on November 17, 2017. 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.

On June 6, 2018, the California Department of Food and Agriculture (CDFA) readopted emergency regulations for cannabis cultivation licensing in the state of California. The emergency regulations are effective for 180 days, and during this time CDFA must propose and adopt permanent regulations. CDFA released the proposed permanent regulations for cannabis cultivation licensing on July 13, 2018, which starts the formal rulemaking process and initiates the official 45-day public comment period. The proposed permanent regulations include changes from CDFA’s current emergency regulations based on public comments and further analysis by CDFA.

On the legislative side, SB 930 (Hertzberg) was cannabis-banking legislation that was sponsored by Board of Equalization Member Fiona Ma to help mitigate several of the problems resulting from cannabis businesses’ access to banking services. The bill, which was last amended on May 25th, would have created limited purpose charter banks and credit unions licensed and regulated by the Department of Business Oversight (DBO), and would have authorized 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. The bill was held on the Assembly Appropriations Committee Suspense File and is now dead.

Assemblymember Jones-Sawyer's AJR 28, a measure that urges the Congress and the President to pass legislation that would allow financial institutions to provide services to the cannabis industry, was chaptered into law on June 14th.

SB 1459 (Cannella) was gutted and amended on August 24th to establish a provisional cannabis license that may be issued at the sole discretion of a licensing authority, as specified, until January 1, 2020.

Bills and Budget Proposals 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 became a two-year bill. The bill never moved out of the Senate Policy Committee therefore is now dead. The County was in support of the bill.

AB 427 (Muratsuchi) The bill enacts the California Aerospace and Aviation Act of 2018, which establishes the 17-member California Aerospace and Aviation Commission (Commission) for the purpose of serving as a central point of contact for related industries and supporting the health and competitiveness of these industries in California. The County is in support of this bill. The bill passed the Senate Floor with a 39-0 vote and was concurred in the Assembly. The bill is currently in enrollment.

AB 626 (Garcia) will establish "microenterprise home kitchens (MHKs)" as a new category of retail food facility. AB 626 would expand California's cottage food laws that currently allow the sale of non-potentially hazardous foods, such as baked goods, jams and vinegars, to include potentially hazardous foods, such as meats, poultry and fish. The County is opposed to this bill. The bill is currently in enrollment.

AB 653 (Ridley-Thomas) The legislation was 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 author of the bill cancelled the Committee hearing in 2017, and the bill became a two-year bill. The County was in opposed the legislation. The Author resigned from the Legislature and the sponsors did not bring this issue back in 2018.

On June 21st the bill was gutted and amended to authorize nonprofit hospitals in Santa Barbara County to enter into joint powers agreements with a public agency. This authority is intended to allow Santa Barbara Cottage Hospital and Lompoc Healthcare District to form a partnership for the purposes of opening primary and specialty care clinics in underserved parts of the region. This bill is sponsored by the Lompoc Healthcare District and is now carried by Assemblymember Jordan Cunningham. The bill passed the Senate Floor and was concurred in the Assembly, the bill is currently in enrollment awaiting the Governor's action. The County did not take a position on the bill.

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 unless CalCCA's amendments were adopted. AB 726 is now a two-year bill, and there has been no action on this bill since 2017. The bill is now dead.

AB 813 (Holden) was gutted and amended on March 8, 2018 and amended lastly on August 24th. This bill would have established a pathway for the California Independent System Operator (CAISO) to transform its governance structure to operate as a multistate regional transmission system organization should certain requirements be met. The bill didn't affect the County, therefore monitored it in case of any amendments that would affect the County. The bill did not pass out of the Senate Appropriations Committee Suspense File and therefore is now dead.

AB 1250 (Jones-Sawyer) The County was in strong opposition to the bill. The bill would have created specific conditions and requirements that would apply when a county enters into a new contract or renews or extends an existing contract, and would have specified 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 became a two-year bill. There was no action on the bill since 2017. The bill is now dead.

AB 1775 (Muratsuchi) The Santa Barbara County Board of Supervisors approved a resolution opposing new offshore oil and gas leases in Federal waters off of the California Coast. Prohibits the State Lands Commission (SLC) or a local trustee from entering into any new lease authorizing new construction of oil-and-gas-related infrastructure upon tidelands and submerged lands within state waters associated with Pacific Outer Continental Shelf (POCS) leases issued after January 1, 2018. The bill passed the Senate Appropriations Committee and then passed the Senate Floor with a 26-9 vote. The bill was concurred in the Assembly and is now in enrollment.

AB 1956 (Limon) The bill creates a local assistance grant program to improve fire prevention in California and ensure that fire prevention activities happen year-round. Specifically, the bill requires Department of Forestry and Fire Protection (CalFIRE) to establish a local assistance grant program for fire prevention activities in and nearby fire threatened communities. The bill will require local agencies, resource conservation districts, fire safety councils, the California Conservation Corps, certified local conservation corps, University of California (UC) Cooperative Extension, Native American tribes, and qualified nonprofit organizations to all be

eligible for grants. The bill also authorizes, until January 1, 2024, for CalFIRE to make advanced payments for local assistance grants of up to 25% of the total grant award.

The Board of Supervisor's adopted a 2018 Legislative Platform that supports efforts to generate new intergovernmental revenues. The bill passed the Senate Appropriations Committee, and then passed the Senate Floor with a 39-0 vote. The bill was concurred in the Assembly and is now in enrollment. The County is in support.

The County also supported Assemblymember Limon's request for the appropriation for the local assistance grant program in the State Budget. The program would intend to ensure that there is both a state and community based robust fire prevention effort. \$10M was approved in the State Budget to CalFire for "community-based fire prevention work."

AB 2534 (Limon) The bill establishes the Outdoor Equity Grant Funding Program, at the Department of Parks and Recreation, to increase the ability of underserved and at-risk populations to participate in outdoor environmental educational experiences at state parks and other public lands where these activities take place. The bill creates two sub-accounts for ensuring that public, private and nonprofit funds are solely used to facilitate coastal access at Hollister Ranch in Santa Barbra County, which was originally approved in 1982. Any future action would be dependent on legislative appropriation. The County did not have a position on this bill. The bill passed the Senate Floor with a 27-9 vote and was then concurred in the Assembly. The bill is currently in enrollment. The County did not take a position on the bill.

AB 3194 (Daly) The bill will require cities and counties, under existing planning and zoning law, to prepare and adopt a general plan, including a housing element, to guide the future growth of a community. The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, objectives, financial resources and scheduled programs for the preservation, improvement, and development of housing. CSAC went neutral on this legislation. The County remained in opposition. The bill passed the Senate Floor 36-0 and then was concurred in the Assembly. The bill was chaptered into law on August 28th.

AB 3248 (Committee on Judiciary) This bill was a conversion from SB 1511. The Santa Barbara County Department of Child Support Services' recommended clarifying amendments that are listed in section 7643 of the Family Code. This language will be most helpful in establishing parentage and enforcing child support orders by providing better access to the local departments of child support services. The content of the bill was previously in SB 1511, which was converted into AB 3248. The bill passed the Senate Floor, passed the Assembly Judiciary Committee on August 30th and then was concurred in the Assembly. The bill is now in enrollment.

SB 212 (Jackson) This bill requires entities that sell drugs or sharps in the state to individually, or with other entities, develop and implement a statewide home-generated drug stewardship plan, or a home-generated sharps waste stewardship plan, or both for the collection and proper disposal of home-generated drug and sharps waste. Requires the Department of Resources, Recycling and Recovery (CalRecycle) to oversee and enforce each stewardship plan (Plan). The bill passed the Assembly Floor with a 72-5 vote, then passed the Senate Environmental Quality

Committee and was concurred in the Senate. The bill is now in enrollment. The County is in support of this bill.

SB 237 (Hertzberg) This bill would direct the California Public Utilities Commission (CPUC) to make changes to the existing direct access (DA) service program, which authorizes direct energy transactions between electricity suppliers and retail end-use customers. Among the proposed changes is a requirement to increase the annual maximum allowable limit of the DA service program by 4,000 gigawatt hour (GWH) for non-residential customers. This bill also directs the CPUC to provide recommendations to the Legislature, with specified findings, on the adoption and implementation of a second direct service transactions reopening schedule. The County is opposed to this bill. The bill is currently in enrollment.

SB 349 (Lara) This bill was completely gutted and amended on August 24th. This two-year bill would have required minimum staffing ratios for dialysis clinics and a minimum transition time between dialysis patients, as follows, commencing January 1, 2020. The bill was on the inactive file since last year but was heavily amended to codify and specify that judicial officers have the power to prevent activities that threaten access to state courthouses and court proceedings, and to prevent interruption of judicial administration, including protecting the privilege from civil arrest at courthouses and court proceedings. The bill passed the Assembly Floor and was concurred in the Senate. The bill is now in enrollment. The County did not take a position on the current version of the bill.

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 29, 2017 with a 12-2 vote, and then was referred to the Assembly Natural Resources Committee but didn't meet the policy deadline, and became a two-year bill. The bill was amended on May 7, 2018 and would continue to exclude the removal of drilling muds and shell mounds as well as limiting the criteria used to determine full versus partial removal is likely to result in increased risks to public health and safety. The bill was set to be heard in the Assembly Natural Resources Committee on June 25th but the hearing was cancelled at the request of the author. The bill never moved out of the Assembly Policy Committee therefore is now dead.

SB 821 (Jackson) As amended on August 23rd, the bill will allow a county can enter into an agreement to access the contact information of resident accountholders through the records of a public utility or other agencies, for a property address for the sole purpose of enrolling county residents in a county operated public emergency warning system. The County supports this legislation. This bill specifies that any county that enters into an agreement pursuant to this bill is required to include procedures to enable any resident to opt-out of the warning system, and a process to terminate the receiving agency's access to the contact information of the resident. The bill passed the Assembly Floor with a 80-0 vote, and was concurred in the Senate. The bill is currently in enrollment. The County is in support of this 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 and therefore is now dead. The County was in opposition to the bill.

SB 828 (Weiner) This bill makes several changes to the regional housing needs allocation (RHNA) process. The recent amendments delete the requirement for a city's or county's inventory of land suitable for residential development to meet 125% of its RHNA requirement; delete the requirement for a city or county, if its inventory is not sufficient to meet 125% of its RHNA requirement, to identify zoning and other actions it will take to accommodate the unmet portion; authorize, rather than require, HCD, in determining the RHNA, to grant allowances to adjust for specified factors; and delete a requirement for the final allocation plan to assign additional weight to jurisdictions that meet specified criteria related to job centers and transit availability. CSAC went neutral on the legislation. The County remained in opposition. The bill passed the Assembly 53-21 and then was concurred in the Senate. The bill is now in enrollment.

SB 833 (McGuire) This bill requires the Office of Emergency Services (OES), in consultation with specified stakeholders, to develop voluntary guidelines for alerting and warning the public of an emergency and requires OES to develop an alert and warning training. The County had a support if amended position on this bill and is currently reviewing amendments. The bill passed Assembly Floor with a 79-0 vote, and then was concurred in the Senate. The bill is currently in enrollment.

SB 834 (Jackson) The Santa Barbara County Board of Supervisors approved a resolution opposing new offshore oil and gas leases in Federal waters off of the California Coast. Senate Bill (SB) 834 would bar the State Lands Commission (commission) or a local trustee of public trust lands from entering into any new lease or conveyance to authorize new construction of oil- and gas-related infrastructure upon state tide and submerged lands associated with federal Pacific Outer Continental Shelf leases issued after January 1, 2018. The bill passed the Assembly Floor with a 45-25 vote, and was concurred in the Senate. The bill is now in enrollment.

SB 914 (Dodd) This bill would expand the tools counties have to plan and deliver infrastructure projects by extending construction manager at-risk (CMAR) authority to other types of infrastructure projects beyond buildings. The bill passed the Senate Floor with a 38-0 vote, and then passed the Assembly Local Government Committee, and continued to pass the Assembly Floor with a 57-6 vote, and was concurred in the Senate. The bill was chaptered into law on July 16th. The County is in support of this bill.

SB 917 (Jackson) This bill provides that if loss or damage results from a combination of perils, one of which is a landslide, mudslide, mudflow, or debris flow, an insurer shall provide coverage if an insured peril is the efficient proximate cause of the loss or damage and coverage would otherwise be provided for the insured peril. The bill provides that this is declaratory of existing law. The bill passed the Assembly Floor with a 47-22 vote, and then was concurred in the Senate. The bill is currently in enrollment. 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. SB 933 (Allen) passed the Assembly Floor with a 75-3 vote, and was concurred in the Senate. The bill is currently in enrollment. Meanwhile, \$41 million is now in the budget that is eligible for both visual and performing arts education programs and school health centers. The County is in support of both the budget proposal and the bill.

SB 1026 (Jackson) The bill would have repealed statutes that establish the Senior Housing Information and Support Center and the Program for Injury Prevention, and required the California Department of Aging (CDA) to develop materials on aging in place, and instead establish the Dignity at Home and Fall Prevention Program and require CDA to provide grants to area agencies on aging (AAAs) for injury prevention services, as specified. The bill passed the Senate Floor on consent, and then passed the Assembly Aging and Long-Term Care Committee with a 6-0 vote, but was held in the Assembly Appropriations Committee Suspense File, therefore the bill is now dead. The County was in support of the bill.

SB 1088 (Dodd) – This bill would have required each electrical corporation or gas corporation (IOU), to submit a safety, reliability, and resiliency plan to the California Public Utilities Commission (CPUC) every two years, requires the CPUC to approve the submitted plan within 18 months and authorize recovery of the costs of implementing the plan through rates. Additionally, this bill prohibits an electrical IOU from delegating, transferring, or contracting out any of its distribution safety or reliability performance obligations, and also required the Office of Emergency Services (OES) to adopt standards for reducing risks from a major event and requires the office to update the standards at least once every two years. The bill passed the Senate Floor with a 34-2 vote, and then passed the Assembly Utilities and Energy Committee 8-2. The bill was sent to the Assembly Rules Committee but never moved out of the Senate Policy Committee process therefore is now dead. The County was in support of the bill.

SB 1090 (Monning) The bill would require the California Public Utilities Commission (CPUC) to approve collection of ratepayer funds for previously denied elements of a Pacific Gas and Electric Company (PG&E) application related to the retirement of the Diablo Canyon Nuclear Power Plant. The bill passed the Assembly Floor and then was concurred in the Senate. The bill is currently in enrollment. The County is in support of the bill.

SB 1333 (Wieckowski) As amended on August 24th, the bill applies specified provisions in the Government Code pertaining to local planning and zoning requirements to charter cities, it would specify that specified provisions of the Planning and Zoning Law regarding general plans, specific plans, and the adoption and review of housing elements apply to charter cities. The bill passed the Assembly Floor with a 50-26 vote, and then was concurred in the Senate. The bill is currently in enrollment. The County became neutral on the bill.

SB 1331 (Jackson) Although the County does not have a position on this bill, this bill is supported by the County's District Attorney's office. This bill requires the Commission on Peace Officer Standards and Training (POST) to include procedures and techniques for assessing signs of lethal violence in domestic violence situations in the existing training course for law enforcement officers in the handling of domestic violence complaints. The bill passed Assembly Floor and was chaptered into law on July 18th.

SB 1459 (Cannella) This bill allows the California cannabis licensing authorities, (the Department of Food and Agriculture (CDFA), Department of Public Health (DPH), and the Bureau of Cannabis Control (BCC), to issue a provisional license for commercial cannabis activity if specified conditions are met, most notably, that the applicant has submitted application for a license, permit, or other authorization. The County is in support of the legislation.

SB 1511 (Family Law Omnibus Bill) This bill was converted into AB 3248 (*please view above*).

Conclusion

The Legislature adjourned in on August 31st and any bill that didn't pass to the Governor is dead. Legislation that passed both houses of the Legislature is now on the Governor's Desk. The Governor will now have until September 30th to act on the legislation, or they will become law beginning January 1st, unless there is an exception in the bill that would postpone implementation.

A new Legislature will convene on December 3, 2018 to begin the 2019-20 Legislative Session. November elections will determine the make up of the Legislature and a new governor who will be sworn in on January 7, 2019. Significant issues including health care and tax reform were deferred this year until 2019 when there will be a new governor. The County needs to develop its priorities for 2019 before the Legislature returns in December.

We look forward to discussing future priorities in the 2019-20 Legislative Session 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.