

TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate
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RE: 2018 December Update

DATE: January 8, 2019

The California State Legislature began the new legislative session on December 3, 2018 when the new Legislators were sworn in. Members then re-elected the Speaker in the Assembly and the President Pro Tempore in the Senate, adopted house rules and then recessed. Both Houses left the desks open for bill introductions the first two weeks of December before closing down for the holidays.

The Legislature returned January 7th. On Monday, the Governor and other constitutional officers were sworn in. Governor Newsom will outline his priorities in his first State of the State Address and then release his first state budget. Bill introduction will run from now until February 22. The budget process will continue from now through the May revise with a June 15th deadline for budget passage.

The County has begun the process of establishing priorities for the upcoming legislative session and adopted its legislative platform. We have been meeting with our legislative delegation regarding priorities and process. As a result of ongoing discussions about how to be the most effective in Sacramento we will be seeking to take positions on bills earlier in the process and providing input on more bills, focusing in on subject areas that are coming before our delegation early in the session. In addition, we have been discussing with the delegation the state budget situation and need to get them as early as possible any local projects that could utilize state funding. The state budget remains positive and there may be opportunities to seek state funding for critical local needs.

November Gubernatorial Election

California held an election on November 6, 2018. Election returns used to come in late into the night and we and the candidate often did not know the results until early in the morning. This past year we did not know the results on many close legislative seats until two or three weeks after the election. In a significant number of contests, we saw incumbent Legislators with comfortable leads the day after the election lose two weeks later. As the voting process has moved from traditional absentee votes and voting at polling booths to mail or drop-offs more votes seem to appear weeks after the election.

One result however was never in doubt, Gavin Newsom, the former Lieutenant Governor was elected Governor to replace Jerry Brown. Governor Newsom was sworn in on January 7th. This was the end of an era in California. Brown ended his second term as Governor after eight years.

Now with the election over Governor Newsom is continuing to assemble his team. California's new Governor will have 3,100 appointments to make, including his own staff in the horseshoe, as the Governor's office is known, Agency Secretaries, Department Directors and deputies, and Board Members to California's many Boards and Commissions, some of which wield significant regulatory power, such as the Air Resources Board, Coastal Commission and Public Utilities Commission. Altogether, the governor picks 850 full-time positions. The other 2,250 are positions of varying responsibility on boards and commissions overseeing subjects like pesticides, teacher credentials and horse racing.

Governor Newsom has announced the Clinton White House veteran Ann O'Leary as his chief of staff and former state Finance Director Ana Matosantos as his cabinet secretary. Governor Newsom has also hired Anthony Williams, a top aide to four senate presidents pro tem, to be his legislative affairs secretary, and has named members who'll work in the Governor's Office of Strategic Communications and Public Engagement. Leading the office of Strategic Communications and Public Engagement will be Daniel Zingale as senior advisor on strategy and communications. Nathan Click as the chief spokesperson and director of public affairs, and Priscilla Cheng as director of external affairs. Gavin Newsom also appointed Angie Wei from the California Labor Federation, who will serve as a Chief Deputy Cabinet Secretary with a focus on policy development. Jason Elliott was also appointed and will be the Chief Deputy Cabinet Secretary for Executive Branch Operations. Previously, Elliott was Chief of Staff for San Francisco Mayor Edwin M. Lee, then, upon Mayor Lee's passing, for three subsequent Mayors in quick succession, including current Mayor London N. Breed. Keely Bosler remains to be the Director of the California Department of Finance, replacing Michael Cohen in August of 2018.

The Governor will have Democratic super majorities in both Houses of the State Legislature. Democrats have captured 29 out of 40 Senate seats. In the Assembly, Democrats look to have increased their majority to 60 out of 80 leaving only 20 Republicans.

In addition, Democrats swept to victory in all statewide offices with Eleni Kounalakis as the Lieutenant Governor, Xavier Becerra as the Attorney General, Fiona Ma as the State Treasurer, Betty Yee as the State Controller, Ricardo Lara as the State Insurance Commissioner and Tony Thurmond as the Superintendent of Public Instruction.

Earlier in 2018, Senator Toni Atkins was sworn in as the 48th President pro Tempore succeeding Senator Kevin de Leon and becoming the first woman to lead the California State Senate. After the election, the California Women's Caucus gained three women in the Assembly and three women in the Senate, with a total of 23 women currently in the Assembly and 13 in the Senate.

Governor Newsom's Inaugural events were on January 6th and January 7th. On Sunday, January 6th, Governor Newsom held a Leadership Circle Luncheon at 11:30-1:00, at the Crocker Art Museum, while the Family Celebration was held on January 6th at 12:00-3:00 at the California State Railroad Museum. The Swearing-In Ceremony was held at the steps of the State Capitol on January 7th at 11:00 am. The new Governor also held a fundraising concert in collaboration with the California Fire Foundation to host the California Rises relief concert to fund longer term recovery for the individuals impacted by the 2018 wildfires. The concert was held on January 6th at the Golden 1 Center.

Joint Information Hearing – “On the Alert: Strengthening CA’s Public Warning Systems”

On November 27th, the Joint Legislative Committee on Emergency Management and Assembly Select Committee on Natural Disaster Response, Recovery, and Rebuilding held an informational hearing in Santa Barbara regarding ways to strengthen the California’s Public Warning Systems. Senator Jackson, Senator Stern, Assemblymember Limon and Assemblymember Levine were all present at the Hearing and listened to the expert panelists on the issues surrounding the public alerts during a disaster. CalFIRE, CHP, CalOES, and multiple county officials including Rob Lewin, Director of the Santa Barbara County Office of Emergency Management (OEM) and Brian Uhl, the Emergency Manager of the CSB OEM spoke at the hearing explaining the recently passed legislation, faults with the current system and what still needs to be done to ensure maximum safety for residents of an impacted area. Director Lewin stated that there is a systematic issue with the alert system, counties have individual systems and after a disaster, some things are changed in that certain county, but then another disaster strikes in another County therefore it becomes an ongoing cycle, and this needs to change.

Some of the main points from the hearing concluded with:

- *Fire and Law – continue searching for best practices and coming together, communication is key.*
- *Dealing with a large shelter population, need to resolve temporary housing for victims.*
- *Continued advocacy – allow more characters in alerts.*
- *Cell companies – are they doing everything they need? – Need to be reliable, there needs to be regulation over cell phone companies since people are using landlines less often.*

State Budget

Governor Brown signed California’s 2018-19 fiscal year state budget on June 27, 2018, which will run through June 2019. The new state budget will be released by the new Governor on January 10th. The Legislature will then begin the budget sub-committee process.

The LAO published the California’s Fiscal Outlook on November 14th, stating that the budget is in remarkably good shape. Under the LAO’s estimates of revenues and spending, the state’s constitutional reserve would reach \$14.5 billion by the end of 2019-20. In addition, the LAO projects the Legislature will have nearly \$15 billion in resources available to allocate in the 2019-20 budget process. The Legislature can use these funds to build more reserves or make new one-time and/or ongoing budget commitments.

The longer-term outlook for the state also is positive. Under the LAO’s economic growth scenario, the state would have operating surpluses averaging around \$4.5 billion per year (but declining over time). Under the LAO’s recession scenario, the state would have enough reserves to cover a budget problem—provided the Legislature used all the available resources in 2019-20 to build more reserves.

Cannabis Update

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.

CDFA released the proposed permanent regulations for cannabis cultivation licensing on July 13, 2018, which started the formal rulemaking process and initiated the official 45-day public comment period. On October 19th, the California Department of Food and Agriculture posted the proposed permanent regulations. The proposed changes were in response to comments received during the notice of proposed rulemaking that closed on August 27th, and the regulatory hearings that took place from July through August.

On December 7th, California's three state cannabis licensing authorities announced the release of the proposed cannabis regulations currently under review by the California Office of Administrative Law (OAL). The rulemaking action regarding these regulations, initially noticed on July 13, 2018, was submitted to OAL for review on December 3, 2018. The proposed regulations submitted to OAL have not yet been approved by OAL and are not currently in effect.

On December 11th, The California Department of Tax and Fee Administration (CDTFA) has adopted proposed emergency Cannabis Tax Regulation 3702, California Cannabis Track-and-Trace, to require the wholesale cost and retail selling price of cannabis and cannabis products to be recorded in the California Cannabis Track-and-Trace (CCTT) system. Pursuant to Revenue and Taxation Code section 34013, proposed section 3702 is effective for two years from the date the regulation is filed with the Secretary of State (effective until December 27, 2020).

Discussion surrounding banking the cannabis industry will likely remain a priority for the California Legislature next year. Last year, SB 930 (Hertzberg) which would have helped mitigate several of the problems resulting from cannabis businesses' access to banking services was held on the Assembly Appropriations Committee Suspense File and died.

On December 27th, the Cannabis Banking Working Group (CBWG), chaired by then-California State Treasurer John Chiang, was presented with the results of an independent study that found that establishment of a public cannabis bank would pose too great of a legal and financial risk to the State of California. The prior Treasurer stated, "While today's announcement may not lay out the path some of us had hoped, it did reinforce the inconvenient reality that a definitive solution will remain elusive until the federal government takes action — they must either remove cannabis from its official list of banned narcotics or approve safe harbor legislation that protects banks serving cannabis businesses from prosecution...Red, blue, and purple states — 33 so far — have legalized the adult use of recreational or medicinal cannabis. So it's finally time that the slow, clunky machinery of the federal government work, in a bipartisan fashion, to change federal law to reflect the values and growing consensus of the people it serves."

Senator Bob Hertzberg has already introduced SB 51 (Hertzberg) which would create the Cannabis Limited Charter Banking and Credit Union Law. The bill would create the Cannabis Limited Charter Bank and Credit Union Advisory Board which would include the Treasurer, the Controller, and the Chief of the Bureau of Cannabis Control, and commit to it the general responsibility for ensuring that this law functions in a safe and efficient way.

Committee Appointments

The Speaker announced committee appointments on December 27th. Assemblymember Lorena Gonzalez stayed Chair of the Assembly Appropriations Committee, Assemblymember Phil Ting stayed Chair of the Assembly Budget Committee, Assemblymember Autumn Burke remains Chair of the Assembly Revenue and Tax Committee, while Assemblymember Laura Friedman was appointed as the new Chair of the Assembly Committee on Natural Resources, replacing Assemblymember Al Muratsuchi. Also, a few days before the November election, Assemblymember Marie Waldron was voted to replace Assemblymember Brian Dahle as the Assembly Republican Leader.

Assemblymember Monique Limon remained as Chair of the Assembly Banking and Finance Committee, and is currently serving as a member on the Assembly Committees on Housing and Community Development, Budget, Health, Natural Resources and the Budget Subcommittee No. 2 on Education Finance. Meanwhile, Assemblymember Jordan Cunningham is Vice Chair of the Jobs, Economic Development, and the Economy Committee, Assembly Rules Committee, and the Legislative Ethics Committee, and is also serving as a member of the Assembly Committees on Agriculture, Business and Professions, Transportation, and the Utilities and Energy Committee.

On January 3rd, Senate President pro Tempore, Toni Atkins (D-San Diego), announced the Senate's committee membership assignments for the 2019-2020 Legislative session. Committee Chairs, Vice Chairs and leadership positions were announced on Dec. 21, 2018 and remained the same. Senator Anthony Portantino remained as Chair of the Senate Appropriations Committee, Senator Holly Mitchell remained as Chair of the Senate Budget Committee, Senator Mike McGuire is Chair of the Senate Governance and Finance Committee, and Senator Henry Stern is the Chair of the Senate Natural Resources and Water Committee. Senator Bob Hertzberg became the Senate Majority Leader, replacing Senator Bill Monning.

Senator Hannah-Beth Jackson is continuing to serve as Chair of the Senate Judiciary Committee and is currently serving as a member of the Senate Committees on Human Services, Natural Resources and Water, Public Safety, and the Labor Public Employment and Retirement Committee.

In early December, there were also some changes in Chairmanship of the California Legislative Caucuses. Senator Connie Levya was elected to be Chair of the California Legislative Women's Caucus, with Assemblymember Monique Limon leading as Vice Chair. Assemblymember Lorena Gonzalez (D-San Diego) was unanimously elected by the California Latino Legislative Caucus to be Chair of the Caucus, while newly-elected Senator Maria Elena Durazo (D-East Los Angeles) was elected to serve as Vice Chair. Assemblymember Shirley Weber (D-San Diego) replaced Assemblymember Chris Holden (D-Pasadena) as Chair of the California Legislative Black Caucus, with Senator Bradford to serve as Vice Chair. In the Assembly API Legislative Caucus, Assemblymember David Chiu (D-San Francisco) replaced Assemblymember Rob Bonta (D-Alameda) as Chair, while Assemblymember Al Muratsuchi (D-Torrance) and Senator Richard Pan (D-Sacramento) were elected to serve as Co-Vice Chairs.

New Introduced Bills of Possible Interest to the County

Our office will be reviewing all the introduced legislation and will flag those bills that could be of possible interest to the County. We will then work with staff to see which bills to the County needs to take positions on. This year after discussion with our legislative delegation, we will be trying to take more positions earlier in the process.

Some bill of interest that are already introduced include:

AB 38 (Wood) Fire Safety

This bill would require, no later than July 1, 2020, the State Fire Marshall to develop, and the California Building Standards Commission to review, building standards for buildings in very high fire hazard severity zones. The bill would require all newly constructed buildings and all transferred buildings in very high fire hazard severity zones to comply with the building standards.

AB 65 (Petrie-Norris) Coastal Protection: climate adaption: project prioritization

The bill would require specified things of the State Coastal Conservancy when it allocates any funding appropriated pursuant to The California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018, including that it prioritize projects that use natural infrastructure to help adapt to climate change. The bill would require the conservancy to provide information to the Office of Planning and Research on any projects funded pursuant to the above provision to be considered for inclusion into the clearinghouse for climate adaption information.

ACA 1 (Aguiar-Curry) Local government financing: affordable housing and public infrastructure: voter approval

The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an additional exception to the 1% limit that would authorize a city, county, or city and county to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure or affordable housing, if the proposition proposing that tax is approved by 55% of the voters of the city, county, or city and county, as applicable, and the proposition includes specified accountability requirements.

SB 4 (McGuire) Housing

Under current law, various agencies administer programs to preserve and expand safe and affordable housing opportunities and promote sound community growth. This bill would state the intent of the Legislature to enact legislation that would limit restrictive local land use policies and legislation that would encourage increased housing development near transit and job centers, in a manner that ensures that every jurisdiction contributes its fair share to a housing solution, while acknowledging relevant differences among communities. This is currently a spot bill.

SB 45 (Allen) Wildfire, Drought, and Flood Protection Bond Act of 2020

This bill would enact the Wildfire, Drought, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance projects to restore fire damaged areas, reduce wildfire risk, create healthy forest and watersheds, reduce climate impacts on urban areas and

vulnerable populations, protect water supply and water quality, protect rivers, lakes, and streams, reduce flood risk, protect fish and wildlife from climate impacts, improve climate resilience of agricultural lands, and protect coastal lands and resources.

SB 46 (Jackson) State government: emergency services

Current law authorizes each county, including a city and county, to enter into an agreement to access the contact information of resident accountholders through the records of a public utility or other agency responsible for water service, waste and recycling services, or other property-related services for the sole purpose of enrolling county residents in a county-operated public emergency warning system. Current law requires any 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. Current law prohibits the use of the information gathered for any purpose other than for emergency notification. This bill would expand these provisions to authorize a city to enter into an agreement to access the contact information of resident accountholders through the records of a public utility as specified.

SB 50 (Wiener) Planning and zoning: housing development: equitable communities incentive

This bill would require a city, county, or city and county to grant upon request an equitable communities incentive when a development proponent seeks and agrees to construct a residential development, as defined, that satisfies specified criteria, including, among other things, that the residential development is either a job-rich housing project or a transit-rich housing project, as those terms are defined; the site does not contain, or has not contained, housing occupied by tenants or accommodations withdrawn from rent or lease in accordance with specified law within specified time periods; and the residential development complies with specified additional requirements under existing law.

SB 51 (Hertzberg) Financial institutions: cannabis

This bill would create the Cannabis Limited Charter Banking and Credit Union Law, to be administered by the Commissioner of Business Oversight and the Department of Business Oversight. The bill would create the Cannabis Limited Charter Bank and Credit Union Advisory Board and specify its composition, to include the Treasurer, the Controller, and the Chief of the Bureau of Cannabis Control, and commit to it the general responsibility for ensuring that this law functions in a safe and efficient way.

SB 54 (Allen) Single-use plastic waste: reduction

The California Integrated Waste Management Act of 1989, administered by the Department of Resources Recycling and Recovery, generally regulates the disposal, management, and recycling of solid waste, including, among other solid waste, single-use plastic straws. This bill would state the intent of the Legislature to enact legislation that would significantly reduce the amount of single-use plastic waste entering California's waste stream, polluting our oceans, littering our local communities and beaches, and costing local governments millions of dollars in cleanup costs. This is currently a spot bill.

Conclusion

The California Legislature adjourned the 2017-2018 Legislative Session on August 31st. The Governor has acted upon every piece of the 2018 legislation that reached his desk in September.

The 2019-20 Legislature returned on December 3rd for an organizational session to swear in new members, elect leadership and begin bill introduction. The 2019-20 Session reconvened on January 7th and has sworn in the new Governor Gavin Newsom as California's 40th Governor.

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