

TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate
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RE: 2019 May Update

DATE: May 28, 2019

The Governor released his May Revision on May 9, 2019. The May Revision projected short-term revenues of \$3.2 billion above the Governor's Budget. The biggest news for the County that came out of the May Revision was that the Administration withdrew their proposal to change the AB 85 diversion ratio to 75/25 for Article 13 counties. The Governor's original plan was to change the AB 85 formula to pay for the expansion of Medi-Cal Coverage proposal, which would have redirected \$2.1 million dollars from the County's core Public Health services.

The information of withdrawal came out on May 10th, through a Department of Finance Letter stating: "The 2019-20 May Revision (released on May 9, 2019) maintained the Governor's Budget proposal to increase the redirection of health realignment revenues from 60 percent to 75 percent for the counties of Placer, Sacramento, Santa Barbara and Stanislaus. The Administration has subsequently reevaluated this proposal due to the potential negative impacts to public health activities in these counties. Therefore, the Administration is withdrawing its proposal, which reduces the amount of redirected funding to offset General Fund costs in CalWORKs by \$5,086,000. Forthcoming statutory changes will conform to reflect this amendment."

The Legislature have completed their budget subcommittee process where they have reviewed and proposed edits to the Governor's revised budget. The Assembly and Senate have held their own budget hearings where they voted to adopt their own version of the budget, now 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.

The Legislature has finished hearing bills in policy committees and the appropriations committees in the first House. May 17th was the last day for fiscal committees to hear and report bills to the floor, therefore all bills with an annual cost of more than \$150,000 were placed on the Suspense File and were considered on Thursday, May 16th. Suspense File bills are considered one hearing after the state budget has been prepared so that the committee has a better sense of available revenue. The legislation that was moved out of the Suspense File went to the Floor, while any bills that were held in Suspense are now considered two-year bills since we are in the first year of a two-year legislative session. Legislators are now on the floor for a week of floor session from May 28-May 31, with May 31st being the deadline for each house to pass bills introduced in the house of origin.

Emergency Response

On May 20th, Governor Gavin Newsom announced that FEMA has approved California's request for Presidential Major Disaster declarations submitted in April to bolster ongoing state and local recovery efforts following severe winter storms that caused widespread flooding, mudslides and damage to critical infrastructure across California.

Federal funding is available to State and eligible local governments and certain private nonprofit organizations on a cost-sharing basis for emergency work and the repair or replacement of facilities damaged by the severe winter storms, flooding, landslides, and mudslides in the counties of Santa Barbara, Calaveras, Colusa, Marin, Mariposa, Mendocino, Modoc, Napa, Riverside, Shasta, and Trinity.

"I want to thank the President and FEMA for moving quickly to approve our requests," said Governor Newsom. "This federal aid will get money and resources where they are needed and help communities recover."

The Presidential Major Disaster declarations will help state, tribal and local governments with recovery projects including the repair and replacement of disaster-damaged facilities and infrastructure, such as roads, bridges and utilities. The declarations include hazard mitigation, which helps state and local governments reduce the risks and impacts of future disasters.

The County has gathered debris removal and emergency protective cost estimates caused directly from the post 1/9 Debris Flow storms that have occurred this winter and have estimated those costs to be approximately six million dollars for the Operational Area. This estimate is based on clearing all new debris from the debris basins, channels and roads, repositioning and response of first responder resources and EOC activation. The County is working directly with Cal OES on funding.

State Budget

Governor Gavin Newsom submitted his 2019-20 "California for All" budget proposal to the Legislature on January 10th which proposed \$144 billion in state General Fund expenditures. The total proposal, including money earmarked for special purpose funds topped \$209 billion.

The May Revise came out on May 9th, with an overall budget of \$214 billion. Governor Newsom stated that the budget prioritizes savings for a rainy day – putting a record amount into the state's reserves and making billions in fiscal pay downs of pension debt and one-time investments aimed at tackling the main issues driving California's affordability crisis.

Senator Hannah-Beth Jackson is carrying two budget requests for the County including a \$4.05 million-dollar budget appropriation request to support the Santa Barbara County emergency systems, which would include funding for the Land Mobile Radio (LMR) systems and the Public Safety Microwave Radio, an expanded call center for the Emergency Operation Center (EOC), Whole Community Emergency Outreach Initiative and funding for the Community Wildfire Protection Plans (CWPP).

The other budget request is an \$855,000 budget appropriation to support Santa Barbara County's mental health and criminal justice projects, which would break down to funding for a Mental Health Rehabilitation Center, Holistic Defense Partnership, and funding for an improved Criminal Justice Diversion and Process Mapping Project.

The Legislature is holding off on allocating funding for "Member Requests" until later in the budget process once they are closer to agreement on how much funding is available for both Houses' requests. There are usually more requests in total than there are funds available.

The County is also supporting the State Emergency Telephone Number Account (SETNA) Trailer Bill language proposal, which will update the SETNA funding model and remove the reliance on an antiquated intrastate voice revenue model aligning California with a funding model used by all other states except Missouri, Nevada, and Vermont. Both the Assembly and Senate Budget Subcommittees passed the SETNA proposal. It has not officially been put into a trailer bill yet.

Highlights in the May Revision include:

Infectious Disease Prevention

The May Revision includes a one-time \$40 million General Fund investment to support local health departments in meeting the rising health needs of their communities. County health departments work to prevent, investigate, and reduce dangerous and deadly infectious diseases. The Santa Barbara County is experiencing an alarming growth rate in tuberculosis cases, including several with multi-drug resistance. In addition, our county has demonstrated increases in sexually transmitted infections with upsurges in numbers of syphilis and HIV. This investment will assist county health departments prevent and control the spread of infectious diseases. The County is in support of the Governor's May Revision Proposal.

AB 85 and Medi-Cal Expansion for Undocumented Young Adults

The Administration withdrew their proposal to change the AB 85 diversion ratio to 75/25 for Article 13 counties. The Governor's original plan was to change the AB 85 formula to pay for the expansion of Medi-Cal Coverage proposal, which would have redirected \$2.1 million dollars from the County's core Public Health services.

Investments in Emergency Readiness, Response and Recovery

The May Revision includes an additional \$39.9 million in General Fund spending directed to a number of different departments that have a role in disaster preparedness and response. The proposal also includes funding for disaster contingencies and the development of a Statewide Disaster Reserve Corps for additional state capacity during emergencies. Specifically, the Governor's May Revision allocates the following additional state resources:

- Office of Emergency Services – \$5.9 million in ongoing funds to enhance Cal OES disaster preparedness and response capacity for future state disasters.
- Department of Housing and Community Development – \$2 million General Fund to create a permanent Disaster Response and Recovery Unit that will provide housing expertise in coordination with statewide disaster recovery efforts and to hire a consultant

that will conduct local needs assessments related to the 2018 Camp and Woolsey fires as well as create local long-term recovery plan frameworks.

- State Water Resources Control Board – \$1 million ongoing General Fund to improve emergency response capabilities and address engineering and operation issues facing drinking water systems and wastewater utilities, and preventing or minimizing impacts to water quality, water supply security, and safety.
- Department of Resources Recycling and Recovery – \$2.8 million ongoing General Fund to establish a dedicated team to help facilitate timely, safe, and effective debris removal operations as well as to assist local governments in the preparation of debris removal plans for future incidents.
- Emergency Medical Services Authority – \$979,000 ongoing General Fund to increase disaster medical services capacity.
- Department of Public Health – \$959,000 in ongoing funds to support health care facilities and mass care shelters during emergencies.

Homelessness

The May Revision includes significant changes to the Governor’s January budget proposal for a one-time \$500 million investment for jurisdictions that site and build emergency shelters, navigation centers, or supportive housing (\$300 million for planning grants and \$200 million for meeting milestones). The Governor’s January budget proposal also called for the planning grants to be split with \$200 million to Continuums of Care (CoC) and \$100 million to the most populous cities. The May Revision proposes the following changes which would significantly improve county access to these funds:

- Overall funding is increased from \$500 million to \$650 million.
- \$275 million is set aside exclusively for counties.
- Additional flexibility is provided, both by allocating all funds up-front in lieu of back-end milestone achievement funding and by expanding the eligible uses of funds beyond shelters and navigation centers. Eligible uses now include, but are not limited to, hotel/motel conversions, traditional and non-traditional permanent supportive housing, rapid rehousing, and jobs programs.

The revised proposal also calls for the use of 2019 point-in-time homelessness counts and incentivizes regional collaboration by making funds contingent on cities and counties submitting regional plans to their CoCs. Combined with other targeted investments, the May Revision includes total funding of approximately \$1 billion to combat homelessness. These investments include a total of \$120 million for expanded Whole Person Care pilots, \$150 million for strategies to address the shortage of mental health professionals in the public mental health system, \$25 million for Supplemental Security Income advocacy, \$40 million for student rapid rehousing, and \$20 million for legal services for eviction prevention.

In-Home Supportive Services

For In-Home Supportive Services (IHSS), the Governor’s May Revision maintains the January proposal to revise the County IHSS Maintenance of Effort (MOE) and includes additional State General Fund above the January amount to get counties to the new lowered MOE amount.

The In-Home Supportive Services (IHSS) program provides assistance and services to eligible older or disabled individuals to help them remain safely in their homes. For 2019-20, the Governor's January budget proposal includes \$12.7 billion for IHSS, of which \$4.3 billion is from the General Fund. This is a 15.2 percent increase in General Fund costs over the 2018-19 costs. The budget proposal estimates that average monthly caseload will increase by 4.5 percent over the prior year projection to a total of 564,000 recipients in 2019-20.

IHSS MOE Proposal

The Governor's May Revision continues his January Budget proposal to revise the County IHSS Maintenance of Effort (MOE). This includes lowering the County IHSS MOE base, reducing the inflation factor to four percent, and stopping the redirection of 1991 Realignment VLF growth from the Health and Mental Health subaccounts to Social Services. The County IHSS MOE will be rebased in 2019-20 down to \$1.56 billion. Based on updated Realignment projections and increased IHSS caseload and cost projections, this will require an increased General Fund commitment above the January projection. The increased General Fund costs for IHSS would be \$296.7 million in 2019-20, a \$55 million increase from January, and growing to \$615.3 million in 2022-23, which is a \$68 million increase above the January estimate. This represents a total increased General Fund commitment for IHSS of \$1.86 billion over the first four years of this new structure.

IHSS Hours Restoration

The Governor's May Revision provides an increase of \$15.3 million General Fund to reflect the updated costs to continue the restoration of the seven percent reduction in IHSS service hours. This restoration is proposed as a temporary restoration through December 31, 2021, due to lower than expected revenues in the coming years.

Continuum of Care Reform (CCR)

The Continuum of Care Reform (CCR) enacted significant changes in the child welfare program that are intended to reduce the use of group homes, increase the availability of trauma informed services, and improve outcomes for foster youth.

Resource Family Approval

The Governor's May Revision provides a one-time increase of \$14.4 million General Fund to assist counties with Resource Family Approval (RFA). The RFA process is the new, streamlined, child-focused and family-friendly process for counties to approve resource families. This increased funding will support county efforts to address the backlog of resource family applications and continue to review and approve applications.

Foster Parent Recruitment, Retention, and Support

The Governor's May Revision provides a one-time increase of \$21.6 million for Foster Parent Recruitment, Retention, and Support (FPRRS). This funding will help counties continue critical recruitment and retention efforts to build the capacity of caregivers and support the children and youth in their care.

Foster Care Emergency Assistance

The Governor's May Revision includes an increase of \$21.7 million General Fund and federal Temporary Assistance for Needy Families (TANF) block grants in 2019-20 for emergency assistance payments to caregivers who are awaiting approval as a resource family. This funding will extend the timeframe to allow up to four months, an increase of one month, for these emergency assistance payments in 2019-20. Starting in 2020-21, these emergency assistance payments would be funded for up to three months to reflect that resource family applications are anticipated to be processed within three months. In order to fund these emergency assistance payments in 2020-21, the May Revision includes a TANF reserve of \$31.2 million.

CalWORKs Single Allocation

The CalWORKs Single Allocation is funding provided by the state to counties to administer the CalWORKs program. The Governor's May Revision includes an ongoing increase of \$41.4 million General Fund and federal TANF block grant funds in 2019-20. This reflects the adoption of a revised methodology to budget for the employment services component of the Single Allocation. The May Revision also proposes to separate the childcare component from the Single Allocation.

Housing

The Governor's May Revision dedicates a total of \$750 million in one-time funding to local governments to increase housing production. This reflects the same amount of total funding allocated for these purposes in the January budget proposal, but there are slight changes proposed for the uses of the funding. The Assembly and Senate budget subcommittees have also approved preliminary housing and homelessness budget frameworks.

The May Revision continues to dedicate \$250 million to local governments for planning, technical assistance and staffing to encourage housing production, but adds school districts and county offices of education as qualified entities for a portion of the funding to reuse surplus property for teacher housing. The planning funding allocation would be split evenly between regional councils of governments and direct allocations to local jurisdictions to help meet higher short-term state housing goals.

The January proposal dedicated \$500 million of the \$750 million as incentive money to local jurisdictions that meet housing-related goals established in regional housing action plans. The May Revision repurposes the \$500 million for grants under the Infill Infrastructure Grant Program administered by the Department of Housing and Community Development (HCD).

Long-Term Housing Production Strategy

The May Revision promotes creating a new Regional Housing Needs Assessment (RHNA) process by 2022 through which HCD will set long-term regional housing production targets. The May Revision continues to focus on linking housing and transportation and provides that SB 1 local formula funding will be withheld from jurisdictions that are not in compliance with housing element law and have not zoned or entitled for their annual housing goals.

Judicial Branch

The Governor's May Revision includes total funding of \$4.2 billion in the 2019-20 budget, with \$2.4 billion directed to trial court operations. This is a slight increase from the Governor's January budget proposal, which provided \$4.1 billion for the Judicial Branch. The Governor's May Revision recognizes both the need for trial court spending flexibility, as well as the need to fund additional superior court judges. To this end, the Governor's May Revision includes statutory changes to increase the trial court reserve cap to three percent beginning June 30, 2020. This will enable courts to address unanticipated mid-year changes in costs and provides flexibility to address unique local needs, as no two courts are alike. The Governor's May Revision, additionally, includes \$30.4 million General Fund in 2019-20 for 25 new superior court judgeships. The judges will be allocated upon completion of the Judicial Council's Needs Assessment, expected in late summer of 2019.

Cap & Trade Expenditure Plan

The Governor's January Budget proposed expenditures of \$1 billion from the Greenhouse Gas Reduction Fund (GGRF) for 2019-20. In the May Revision, the Governor added \$252 million in proposed expenditures to a variety of programs. These increased expenditures have been proposed to the Transformative Climate Communities (TCC) Program, low carbon transportation programs, climate smart agriculture programs, and preparing workers for, and studying the transition to, a carbon-neutral economy. The TCC program was given an additional one-time increased allocation totaling \$92 million.

Cannabis

In January, the Administration expected the excise tax to generate \$355 million in 2018-19 and \$514 million in 2019-20. The May Revision has downgraded this revenue forecast to \$288 million for 2018-19 and \$359 million for 2019-20.

Revenues for this new industry are hard to predict, therefore the flow of funding to these programs is subject to change. However, given the Administration's estimated revenue of \$288 million to the Cannabis Tax Fund for 2018-19, the Administration is proposing roughly \$89 million in administrative costs and a remaining \$198 million for research, equity, youth education, public health, environmental clean-up, and public safety programs. Several of these allocations will be of interest to counties, including:

- \$15 million for grants to local governments to create and administer local equity programs.
- \$26 million to the Board of State and Community Corrections for a competitive grant program for local governments that have not banned cannabis to fund public health and safety programs, including, but not limited to, local partnerships focused on prevention and intervention programs for youth, and efforts to support collaborative enforcement efforts against illegal cannabis cultivation and sale.

Finally, the May Revision includes statutory language to address technical clean-up issues related to streamlining provisional licenses, enhance the equity grant program established in Chapter 794, Statutes of 2018 (SB 1294), strengthen administrative penalties for unlicensed cannabis activity, and extend the existing CEQA exemption.

Cannabis and Public Banking

In June 2017, former 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 19, 2018, 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 27, 2018, and the regulatory hearings that took place from July through August.

On December 7, 2018, 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 have now been officially approved OAL as of January 16th.

On December 11, 2018, 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).

The Employment Development Department (EDD) is now offering State payroll tax seminars to help employers comply with California payroll tax laws. During their upcoming Cannabis Industry and State Payroll Tax Seminars, interested parties will learn how and when to report State payroll taxes, how to distinguish between an employee and an independent contractor, independent contractor reporting requirements, and the various ways to get assistance from EDD. The seminars begin in June throughout the State.

On May 23rd, the California Department of Tax and Fee Administration (CDTFA) reported revenue numbers for cannabis sales for the 1st quarter of 2019. As of May 15, 2019, California's cannabis excise tax generated \$61.4 million in revenue reported on the 1st quarter 2019 returns due by April 30, 2019 and the cultivation tax generated \$16.8 million.

Sales tax from cannabis businesses totaled \$38.4 million in reported revenue for the same period. Retail sales of medicinal cannabis and medicinal cannabis products are exempt from sales and use taxes when the purchaser provides a valid Medical Marijuana Identification card and valid government-issued identification card. Sales taxes apply to sales of cannabis and other tangible personal property. Total tax revenue reported by the cannabis industry is \$116.6 million for 1st quarter returns due by April 30, 2019. This does not include tax revenue collected by each jurisdiction. Previously reported revenue for the 4th quarter 2018 returns was revised to \$111.9

million, which included \$55.6 million in excise tax, \$17.2 million in cultivation tax, and \$39.1 million in sales tax. Revisions to quarterly data are the result of amended and late returns, and other tax return adjustments.

On the Legislative front, SB 51 (Hertzberg) was amended on April 29th to declare it is to take effect immediately as an urgency statute. The bill would establish the creation of cannabis limited charter banks (CLCBs) and cannabis limited charter credit unions (CLCCUs) to provide limited banking services to the cannabis industry. Under the administration of the Department of Business Oversight (DBO), CLCBs and CLCCUs can accept and maintain cash deposits as well as issue special purpose checks that can only be used for the following:

- To pay fees or taxes to the state or local jurisdiction.
- To pay rent on property that is associated with the account holder's cannabis business.
- To pay vendors located in California for expenses related to goods and services associated with the account holder's cannabis business.
- To purchase bonds or interest-bearing notes or warrants backed by the full faith and credit of the state, or bonds or warrants of any local jurisdiction.

The bill passed the Senate Appropriations Committee Suspense File and the Senate Floor, the bill is currently at the Assembly Desk.

AB 286 (Bonta) would temporarily reduce California's cannabis excise tax from 15 percent to 11 percent and suspend the cultivation tax altogether through 2022. The bill was held on the Assembly Appropriations Committee Suspense File and dead for the year.

AB 857 (Chiu) would provide for the establishment of a public bank by a local agency. The public bank would generally be required to comply with all requirements in state law that apply to commercial banks. The bill passed the Assembly Appropriations Committee Suspense File and is now on the Assembly Floor.

AB 1356 (Ting) would require that if more than 50 percent of the voters of a local jurisdiction voted in favor of Proposition 64, these local jurisdictions must issue a minimum number of licenses authorizing retail cannabis activity within that jurisdiction. AB 1356 would mandate that local communities issue retail cannabis permits in spite of clear and unambiguous promises to voters in the Control, Regulate, and Tax Adult Use of Marijuana Act (Proposition 64) that local communities would have the right to decide how and when to adopt local legal regulatory frameworks for adult use cannabis business. The County believes that AB 1356 would fundamentally erode local control as provided in Proposition 64, therefore is opposed to the bill. The bill passed out of the Assembly Appropriations Committee Suspense File and is currently on the Assembly Floor.

SB 67 (McGuire) would extend a temporary cannabis licenses until September 15, 2019, issued by the California Department of Food and Agriculture if the temporary license holder submitted an application and fees for an annual license before the temporary license's expiration date. The County currently has 1,200 temporary license that will be expiring by September 15th, and has significant concerns that SB 67 (McGuire) would become a disincentive for applicants who have been following the rules up until this point. The bill was ordered to the Senate Floor pursuant to

Senate Rule 28.8, the bill passed the Senate Floor and is now set to be heard in the Assembly Agriculture Committee on June 5th. The County is opposed to the bill.

Bills of Interest to the County

AB 138 (Bloom) California Community Health Fund

The bill would impose a tax on every distributor, as defined, for distributing bottled sugary drinks and concentrate in this state, at a rate of \$0.02 per fluid ounce. The hearing was cancelled at the request of the author and became a two-year bill. The Author says he plans to pursue it again next year. The County is in support of the bill.

AB 141 (Cooper) Trial Costs: Joseph James DeAngelo, Jr.

AB 132 (Cooper) was amended into AB 141 (Cooper). Over a span of 14 years the Golden State Killer (GSK) was suspected of committing multiple murders, rapes, kidnappings, robberies and burglaries throughout California. Last year Joseph DeAngelo was arrested as the GSK suspect. The trial of the GSK is going to place an unexpected financial burden on the counties responsible for trying this case. AB 141 will provide some cost recovery to the district attorneys and public defenders responsible for the prosecution and defense of the GSK. The bill was held on the Assembly Appropriations Committee Suspense File, and is now a two-year bill. The County is in support of this bill.

AB 245 (Muratsuchi) CA Aerospace and Aviation Commission: Establishment

The bill would enact the California Aerospace and Aviation Act of 2019, which establishes the 17-member California Aerospace and Aviation Commission for 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 out of the Assembly Appropriations Committee Suspense File and the Assembly Floor, it is currently in the Senate Rules Committee awaiting assignment to a committee.

AB 255 (Limon) Coastal Resources: oil spills: grants

The bill would include Native American tribes and other public entities to be eligible for grants authorized by the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act. Existing law provides that the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act may offer spill response equipment grants to local governments with jurisdiction over waters of the state. The bill would clarify this existing grant program in the code and ensure this program continues to provide these specified grants to local government, Native American Tribes or other public entities that have jurisdiction over or are directly adjacent to waters of the state. The bill passed the Assembly Committee on Natural Resources on March 25th, and then passed the Assembly Committee on Appropriations on April 3rd. The bill passed the Assembly Floor unanimously, and is now set to be heard in the Senate Natural Resources and Water Committee on June 11th. The County is in support of this bill.

AB 398 (Chu) School accountability: local control and accountability plans: visual and performing arts

This bill authorizes a school district to submit through the California Longitudinal Pupil Achievement Data System (CALPADS) enrollment and completion data specifically related to

visual and performing arts courses using existing state courses codes for students in first through sixth grades. AB 398 (Chu) will help the State better understand the quality of and disparities in arts education by extending State data collection regarding course enrollment and completion to grades K-6, requiring that such data are analyzed at the state-level and that school districts emphasize the importance of visual and performing arts curricula in their local educational planning. The bill passed the Assembly Appropriations Committee and the Assembly Floor, it is now set to be heard in the Senate Education Committee on June 12th. The County is in support of the bill.

AB 409 (Limon) Climate Change: agriculture: grant program

This bill requires the Strategic Growth Council (SGC) to establish and administer a competitive grant program to provide funding for activities, including the development of planning tools, to assist in adapting to climate change in the agricultural sector. The bill passed Assembly Appropriations Committee Suspense File and the Assembly Floor, it is currently in the Senate Rules Committee awaiting assignment to a committee. The County is in support of the bill.

AB 486 (Limon) Disaster preparedness: local government: animal wildfire evacuation plan

The bill would, if a city or county requires a permit to keep an animal within its jurisdiction, require an animal owner as a condition for obtaining the permit to create and submit to the city or county an animal wildfire evacuation plan for any animal covered by the permit. By imposing a new duty on local government, this bill would impose a state-mandated local program. The bill was held on the Assembly Appropriations Committee Suspense File, and is now a two-year bill. The County is in support of the bill.

AB 510 (Cooley) Local government records: destruction of records

The bill would modernize the Government Code to allow local public agencies to adopt records retention policies designed for modern digital recording technologies, while ensuring the proper retention of any records in which an incident may have occurred. The bill was referred to the Assembly Local Government Committee but was not heard and is now a two-year bill because it did not make the first policy deadline. The County is in support of the bill.

AB 585 (Limon) Public Lands: oil, gas, and mineral leases

The bill would authorize the State Lands Commission (SLC), when considering the approval of an assignment, transfer, or sublet of an oil and gas lease, to consider whether a proposed assignee is likely to comply with the provisions of the assigned, transferred, or sublet lease for the duration of the lease term, and requires present and future oil and gas leases or permit holders to be liable for specified obligations. The bill passed the Assembly Appropriations Committee on April 24th and the Assembly Floor. It is set to be heard in the Senate Natural Resources and Water Committee on June 11th. The County is in support of the bill.

AB 764 (Bonta) Sugar-sweetened beverages: non-sale distribution incentives

This bill would prohibit a beverage company, manufacturer, or distributor, from giving or offering a distributor or retailer a non-sale distribution incentive for a sugar-sweetened beverage (SSB) or SSB product. The bill would state that these provisions do not preempt or prohibit the adoption and implementation of local ordinances related to promotional and marketing activities for sugar sweetened beverages that are consistent with these requirements, including ordinances

that impose additional or more restrictive requirements on those activities. The bill passed out of the Assembly Appropriations Committee Suspense File and is currently on the Assembly Floor. The County is in support of the bill.

AB 765 (Wicks) Health Checkout Aisles for Healthy Families Act

The bill would establish the California Healthy Checkout Aisles for Healthy Families Act, which prohibits stores from making available sugar sweetened beverages (SSBs) in the checkout area. The Assembly Health Committee hearing was cancelled at the request of the author and is now a two-year bill. The County is in support of the bill.

AB 1057 (Limon) Oil and gas: wells and facilities: indemnity bonds and remediation: additional security: civil penalty

The bill authorizes the Supervisor to require an individual indemnity bond or a blanket indemnity bond to provide an additional amount of security acceptable to the Supervisor in an amount not to exceed the reasonable costs of plugging and abandoning all of the operator's wells and for remediating environmental damages caused by the well, requires the Supervisor to provide the operator with an opportunity to submit a cost estimate for consideration by the Supervisor, requires the Supervisor to consider specified, applicable factors when setting the amount of the additional security, and eliminates the sunset date on the Oil and Gas Environmental Remediation Account. The bill passed the Assembly Appropriations Committee and the Assembly Floor, it is currently in the Senate Rules Committee awaiting assignment to a committee. The County is in support of the bill.

AB 1356 (Ting) Cannabis: local jurisdictions: retail commercial cannabis activity

The bill would require that if more than 50 percent of the voters of a local jurisdiction voted in favor of Proposition 64, these local jurisdictions must issue a minimum number of licenses authorizing retail cannabis activity within that jurisdiction. AB 1356 would mandate that local communities issue retail cannabis permits in spite of clear and unambiguous promises to voters in the Control, Regulate, and Tax Adult Use of Marijuana Act (Proposition 64) that local communities would have the right to decide how and when to adopt local legal regulatory frameworks for adult use cannabis business. The County believes that AB 1356 would fundamentally erode local control as provided in Proposition 64, therefore is opposed to the bill. The bill passed out of the Assembly Appropriations Committee Suspense File and is currently on the Assembly Floor.

AB 1550 (Bonta) Crisis stabilization units: psychiatric patients

The bill permits a certified crisis stabilization unit (CSU) designated by a county mental health plan (MHP), at the discretion of the MHP, to provide medically necessary crisis stabilization (CS) services to individuals beyond the service time of 24 hours when the individual needs inpatient psychiatric care or outpatient care and inpatient psychiatric beds or outpatient services are not reasonably available. Requires a CSU that provides medically necessary crisis stabilization services to individuals for more than 24 hours to provide the basic services required to be provided by a psychiatric health facility (psychiatry, clinical psychology, psychiatric nursing, social work, rehabilitation, drug administration, and appropriate food services for those persons whose physical health needs can be met in an affiliated hospital or in outpatient settings), to ensure that a psychiatrist is available at all times to address psychiatric emergencies, and to

provide the individual a room with a suitable mattress. The bill passed Assembly Appropriations Committee Suspense File and is now on the Assembly Floor.

SB 46 (Jackson) State government: emergency services

This bill expands on last year's SB 821 (Jackson, Ch. 615, stats. 2018) by helping to ensure that more California residents will receive critical emergency alerts by expanding California's opt-out emergency notification program to include cities and universities, and by clarifying that alerting authorities may use mobile telephone subscriber data to enroll residents in local alerting systems. The bill would also require a local government that enters into an agreement to access information of resident account holders to, upon receipt of that information, notify residents that they have been entered into the public emergency warning system, and require a local government that enters into an agreement to access information 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 from a public utility. The bill was held on the Senate Appropriations Committee Suspense File, and is now a two-year bill. The County is in support of this bill.

SB 50 (Wiener) Planning and zoning: housing development: incentives

The bill would reduce or waive certain local zoning standards in jobs and transit-rich areas when development meets specified criteria. We understand there were going to be forthcoming amendments to the bill, that would exclude smaller counties, which would include the County of Santa Barbara in the category and therefore reduce the burden on the County, but the bill was held on the Senate Appropriations Committee Suspense File, and is now a two-year bill. The County currently does not have a position on the bill.

SB 67 (McGuire) Cannabis: temporary licenses

The bill would extend a temporary cannabis licenses until September 15, 2019, issued by the California Department of Food and Agriculture if the temporary license holder submitted an application and fees for an annual license before the temporary license's expiration date. The County currently has 1,200 temporary license that will be expiring by September 15th, and has significant concerns that SB 67 (McGuire) would become a disincentive for applicants who have been following the rules up until this point. The bill was ordered to the Senate Floor pursuant to Senate Rule 28.8, the bill passed the Senate Floor and is now set to be heard in the Assembly Agriculture Committee on June 5th. The County is opposed to the bill.

SB 144 (Mitchell) Fees: criminal administrative fees

The bill would eliminate numerous criminal justice fees. Removal of specified fees for probation services alone, for example, would likely result in the loss of tens of millions of dollars in probation funding, funding that currently supports vital programs and practices as well as probation positions. The loss of positions would mean impacts on court related services we provide, an increase in caseload sizes, and impacts on evidence-based program delivery. In line with CSAC, the County is opposed to SB 144 (Mitchell), unless sustainable funding is provided to back-fill the loss of revenue resulting from eliminating counties' ability to charge criminal justice related fees and shifting a variety of costs from the offender to the counties. The bill passed Senate Appropriations Committee Suspense File and is now on the Senate Floor.

SB 160 (Jackson) Emergency Services: Cultural Competence

The bill would require a county to integrate cultural competence into its emergency plan, upon the next update to its emergency plan, and would require counties to provide a forum for community engagement in geographically diverse locations in order to engage with culturally diverse communities. The bill passed out of the Senate Appropriations Committee Suspense File and passed the Senate Floor, the bill is now at the Assembly Desk. The County is in support of this bill.

SB 224 (Grove) Grand theft: agricultural equipment

This bill creates a separate grand theft statute for agricultural equipment and requires the proceeds of the fine imposed following a conviction of the new provision to be allocated to the Central Valley Rural Crime Prevention Program or the Central Coast Rural Crime Prevention Program. The County is in support of this bill. The bill passed the Senate Floor, and is now referred to the Assembly Public Safety Committee. The County is in support of this bill.

SB 346 (Jackson) After school programs: Distinguished After School Health Recognition Program Reauthorization

The bill reestablishes the Distinguished After School Health (DASH) Recognition Program, a certification for on school-site after school youth programs that meet specific healthy eating and physical activity standards that have been determined to help children lead healthier, more productive lives. Through DASH certification, these youth programs are recognized for having program curriculum that match the DASH standards for nutrition and physical activity for youth. Before it sunsetted in 2018, over 200 after school programs in California were recognized for meeting the DASH standards. The bill passed out of the Senate Appropriations Committee Suspense File and the Senate Floor, the bill is currently at the Assembly Desk. The County is in support of this bill.

SB 528 (Hueso) California Infrastructure and Economic Development Bank

The bill would establish a task force to examine whether the California Infrastructure and Economic Development Bank could become a bank that not only makes loans but could also receive deposits. Becoming a full-service bank may allow government agencies to achieve reduced bank fees and reduced borrowing costs compared to commercial banks. The Board believes that an alternative to commercial banks ought to be studied, and if the I-Bank is economically viable, established to reduce the cost of banking services to the public sector if an entity chooses to use the services of the I-Bank. The bill was held on the Senate Appropriations Committee Suspense File, and is now a two-year bill. The County is in support of the bill.

SB 551 (Jackson) Oil and gas: decommissioning, cleanup, and remediation: costs

This bill requires the Division of Oil, Gas, and Geothermal Resources to develop a mechanism, as specified, to assess the full cost of decommissioning, cleanup, and remediation of infrastructure related to the oil and gas industry, including pipelines facilities, pump facilities, and storage facilities. The bill passed Senate Appropriations Committee and is currently on the Senate Floor. The County is in support of this bill.

SB 573 (Chang) Homeless Emergency Aid Program: funding

This bill makes an annual appropriation of \$250 million from the General Fund to the Homeless Emergency Aid Program (HEAP) administered by the Homeless Coordinating and Financing

Council (Council). The bill passed out of the Senate Appropriations Committee Suspense File and is now on the Senate Floor. The County is in support of this bill.

SR 12 (Jackson) Relative to the 50th anniversary of the Santa Barbara oil spill

The Senate Resolution would resolve that the Senate encourage its members to urge their constituents to participate in beach clean-up and other community efforts to bring citizen action and involvement to the protection of our environment and further honor the tireless efforts and important accomplishments of California's environmental leaders stretching from the time of the Santa Barbara oil spill 50 years ago up to the present day. The bill passed the Senate 30-1 on January 28th and is chaptered into law. The County supported this Senate Resolution.

Conclusion

May 17th was the last day for fiscal committees to hear and report to the Floor bills that were introduced in their house of origin, while Friday, May 31st will be the last day for bills to pass out of the House of origin. Policy committees will resume on Monday, June 3rd.

The Legislature completed their budget subcommittee process and their final full budget committee hearings, where they reviewed and made their own changes to the Governor's revised budget. Both versions of the Assembly and Senate budgets will go before the Budget Conference where the budget conferees will craft a final version of the budget bill. The Legislature will then send it to the Governor by June 15th. He will have the authority to "blue pencil" any appropriation contained in the budget that he disagrees with.

We look forward to discussing priorities in the Legislature. We 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.