AGENDA

Date: Monday, August 3, 2015
Time: 10:30AM to Noon
Place: Board of Supervisors Conference Room, Fourth Floor
105 E. Anapamu Street, Santa Barbara

Committee Members: Salud Carbajal, First District Supervisor
Doreen Farr, Third District Supervisor
Mona Miyasato, County Executive Officer
Robert Geis, Auditor-Controller
Mike Ghizzoni, County Counsel

Public Comment

Agenda Items:

1. Approve minutes from the July 6, 2015, meeting. (Agenda Item 1: July 6, 2015 Meeting Minutes)

2. Receive an update on Federal issues of interest to the County and direct staff to take action as necessary. (Agenda Item 2: Report from Thomas Walters & Associates)

3. Receive report on State issues of interest to the County and direction staff to take action as necessary. (Agenda Item 3: Update from Governmental Advocates)
   3A. Advocacy letters sent last month. (Agenda Item 3A: Copies of letters)

4. Staff Reports:
   4A. SB 233 (Hertzberg) Marine resources and preservation. (Agenda Item: 4A: SB 233 Legislative Language and Bill Analysis)
   4B. SB 295 (Jackson) Pipeline Safety: Inspections (Agenda Item 4B: Legislative Language and Fact Sheet)
   4C. SB 414 (Jackson) Rapid Oil Spill Response Act (Agenda Item 4C: Legislative Language and Fact Sheet)
   4D. AB 806 (Dodd) Planning and zoning: permits: strand-mounted antenna (Agenda Item 4D: Legislative Language and Fact Sheet)
   4E. AB 35 (Chiu) Income taxes: credits: low-income housing: allocation increase (Agenda Item 4E: Legislative Language and Bill Analysis)
   4F. AB 1335 (Atkins) Building Homes and Jobs Act (Agenda Item 4F: Legislative Language and Fact Sheet)

*Writings that are a public record under Government Code § 54957.5(a) and that relate to an agenda item for open session of a regular meeting of the County Legislative Program Committee and that are distributed to a majority of the members of the County Legislative Program Committee less than 72 hours prior to that meeting shall be available for public inspection at Santa Barbara County Clerk of the Board at 105 E. Anapamu Street, 4th Floor in Santa Barbara, and also on the County’s website at: http://www.countyofsb.org/ceo/legislative/agendas.sbc*
4G. **2016 Legislative Platform:** Review and direct on needed changes for the Legislative Platform timeline and Legislative Principles in preparation of 2016 Legislative Platform (*Agenda Item 4G: 2016 Timeline and 2015 Legislative Principles*)

5. Consider new Committee business for future meetings.

**Next meeting:** Please note, due to holiday, the next meeting is scheduled for **Monday, September 14, 2015**
COUNTY OF SANTA BARBARA
LEGISLATIVE PROGRAM COMMITTEE

MINUTES

Date: Monday, July 6, 2015
Time: 10:30AM to Noon
Place: Planning Commission Hearing Room, 1st Floor
123 East Anapamu Street, Santa Barbara

Committee Members: Salud Carbajal, First District Supervisor - Present
Doreen Farr, Third District Supervisor - Present
Mona Miyasato, County Executive Officer - Present
Robert Geis, Auditor-Controller - Present
Mike Ghizzoni, County Counsel - Present

Public Comment
No Comment

Agenda Items:

1. Approve minutes from the June 1, 2015, meeting. (Motion to approve minutes made by Supervisor Farr, second by Supervisor Carbajal; 5-0)

2. Receive an update on Federal issues of interest to the County and direct staff to take action as necessary. (Motion to approve made by Mona Miyasato, second by Supervisor Farr; 5-0)

   Member of Public Spoke

3. Receive report on State issues of interest to the County and direction staff to take action as necessary. (Motion to approve made by Supervisor Carbajal, second by Supervisor Farr; 5-0)

4. Consider taking a position on:
   4A. AB 57, as amended (Quirk) Telecommunications: wireless telecommunication facilities (Motion to oppose made by Supervisor Carbajal, second by Supervisor Farr; 5-0)

   4B. AB 864, as amended (Williams) Oil spill response: environmentally and ecologically sensitive areas. (Motion to support made by Supervisor Carbajal, second by Robert Geis; 5-0)

   4C. ACR 58, as introduced (Williams) Relative to memorial paths and access ways. (Motion to support made by Supervisor Carbajal, second by Supervisor Farr; 5-0)

5. Consider new Committee business for future meetings.
   • SB 233 – Marine resources and preservation- was withdrawn in June, will be brought back at August LPC meeting
   • SB 414 – Oil Spill Response – will be reviewed at August LPC meeting
   • SB 295 – Oil Pipeline Inspection - will be reviewed at August LPC meeting
   • 2016 Legislative Platform preparation process is beginning

(Motion to adjourn to the next regularly scheduled meeting of the Legislative Program Committee on August 3, 2015, motion made by Mona Miyasato, second by Robert Geis; 5-0)
MAP 21 REAUTHORIZATION
As the July 31 deadline for expiration of the current extension of MAP 21 reauthorization approaches, Congress is scurrying for a strategy to address surface transportation programs. Earlier in the month, the House approved H.R. 3038, the Highway and Transportation Funding Act, which would provide $8 billion in patchwork funding to keep MAP 21 programs afloat through December 18. As previously reported, in the Senate the Environment and Public Works Committee approved S. 1647, the Developing a Reliable and Innovative Vision for the Economy Act (DRIVE Act), which would authorize highway programs over six years. The DRIVE Act has been merged with highway safety provisions drafted by the Commerce Committee, transit provisions drafted by the Banking Committee, and funding provisions drafted by the Finance Committee. Senate Majority Leader McConnell (R-KY) has inserted the package as an amendment to an unrelated veterans bill, H.R. 22. While pledging to complete this process by July 31, the Senate may have to accept a short-term extension to avoid an interruption in transportation programs, and several options have been offered in both the House and Senate. House Leaders announced on July 28 that they plan to approve a three-month highway spending bill and then leave town for the August recess, which would force the Senate to accept the short-term measure for the time being. As a further complication, the Senate has voted to attach the controversial reauthorization of the Export-Import Bank to the DRIVE Act, which many House conservatives oppose.

PUBLIC HEALTH FUNDING
While floor action on appropriations measures appears to be stalled for the foreseeable future, work at the committee level continues. The House Appropriations Committee recently released its report to accompany the FY 2016 Labor, HHS, Education, and Related Agencies Appropriations bill. The measure would provide essentially level funding of $1.49 billion for community health centers, a $79.2 million increase to $1.82 billion for substance abuse block grants, a $34.7 million increase to $607 million for immunizations, a $21 million increase to $461.5 million for mental health block grants, and a slight increase in preventative health services block grants to $170 million. It also includes $638.2 million for the Maternal and Child Health Block Grant, also a slight increase over FY 2015.

OLDER AMERICANS ACT
We continued to work closely with national stakeholder groups to advocate for full Senate action on S. 192, the Older Americans Act Reauthorization Act, bipartisan legislation that would reauthorize OAA for three years and strengthen important social services programs to help seniors stay independent and at home. On July 16, we were notified by Senate Health, Education, Labor and Pensions (HELP) Committee staff that S. 192 would be voted on later in the day by the full Senate. The bill was approved by voice vote without opposition, and has been sent to the House for consideration. To date, the House Energy and Commerce Committee has not drafted its version of OAA reauthorization, nor scheduled action on the Senate bill. July 14th marked the 50th Anniversary of the signing into law of the original Older Americans Act.

JUVENILE JUSTICE
We continued to urge the Senate Judiciary Committee to take action on Chairman Grassley’s S. 1169, the Juvenile Justice and Delinquency Prevention Reauthorization Act, reiterating the need for adequate Federal resources to address juvenile justice and delinquency prevention needs in the community. On July 23, the Judiciary Committee marked up and approved S. 1169 with bipartisan support. As approved by the committee, the bill would authorize $160 million per year for five years
for juvenile justice program, with a 2% increase each year. It also updates the standards for how juveniles should be detained for the first time since 2002, and adds additional support for youth with mental illnesses. The bill will now be placed on the calendar for full Senate consideration, pending release of the Committee’s report to accompany its action.

TANF REAUTHORIZATION
Led by Human Resources Subcommittee Chairman Boustany (R-LA), members of the House Ways and Means Committee introduced a package of legislative proposals to amend and reauthorize the Temporary Assistance for Needy Families (TANF) program. We provided the eight measures to County staff for analysis, as well as Chairman Boustany’s overarching draft bill, the Improving Opportunity in America Welfare Reauthorization Act of 2015, which would reauthorize TANF through 2020. The proposals are intended to strengthen TANF and better help its beneficiaries move from welfare to work, and range from ending the separate, higher work requirement for two-parent families, to increasing the share of adults expected to work or prepare for work by preventing states from receiving certain “credits,” to provide up to $300 million annually to states to test ways to better serve welfare beneficiaries by improved case management, better coordinated benefits, and a choice of service providers. The committee held its initial hearings on these proposals on July 15.

PIPELINE SAFETY
We provided staff support for County Planning and Development Assistant Director Dianne Black during her July 14 trip to Washington, DC to testify before the House Energy and Commerce Subcommittee on Energy and Power. Congresswoman Capps serves on the Subcommittee, and Ms. Black was invited to testify at an oversight hearing on pipeline safety to discuss the County’s experiences in responding to the recent Plains All American pipeline failure that led to the Refugio oil spill.

CALIFORNIA DROUGHT RELIEF
We have closely monitored Congressional efforts to address the ongoing drought in California. In the House, Congressman Valadao (R-CA) recently introduced H.R. 2898, the Western Water and American Food Security Act, which would allow the use of more water from the federally-operated Central Valley Project and the state-operated State Water Project in times of drought, unless reducing water flow is necessary to ensure the long-term survival of a species. The legislation also includes provisions to speed up construction of new water storage projects. The House approved H.R. 2898 in mid-July, and the next step would be for the Senate to also consider drought relief legislation. Senator Feinstein is reportedly leading an effort to draft a measure that could eventually be merged with H.R. 2898.

v Tom Walters v
TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate
       Monica Miller, Legislative Advocate

RE: July 2015 State Update

DATE: July 28, 2015

The legislature wrapped up their policy deadline just prior to going on their summer break which began July 17, 2015. They will return on August 17, 2015 for the final stretch of this first year of the two year session. They are scheduled to adjourn on September 11, 2015, and then they will return to their districts for their fall recess.

The bills passed at the end of session will go to the Governor where he will have 30 days to act on them, otherwise they become law.

In addition to wrapping up the end of session, the legislature will still actively participate in the two special sessions they have running concurrently with the regular session, one on transportation and one on Medi-Cal funding, which we reported on in our June update.

**Bills of Interest to the County**

AB 3 (Williams) This bill would express the intent of the Legislature to clarify and establish the necessary authority for the creation of the Isla Vista Community Services District within the unincorporated area of Santa Barbara County. The substance of the bill has been amended into the measure and we understand that the county is reviewing the language currently in order to provide additional input and potentially take a position. The County is in support of the bill. The bill is sitting in the Senate Appropriations Committee where it will be heard on August 17, 2015. It passed out of the Senate Governance and Finance Committee on July 8, 2015 with a vote of 5-2.

AB 45 (Mullin) This bill is opposed by the County. The bill would mandate cities and counties that provide residential collection and disposal of solid waste to create a household hazardous waste (HHW) baseline and to meet an unspecified diversion requirement for HHW collection. The bill was opposed by many cities and counties. The bill is now a two-year bill, it will be taken up again in January.

AB 514 (Williams) This bill is the County sponsored bill which was introduced by Assembly Member Das Williams. This measure is an attempt to address the inadequacy of the current fines and penalties system for local governments. Under current law the violations are rather insignificant therefore people are not discouraging from violated them, we are hopeful that this will provide additional incentives to work with the locals to provide the best outcomes for our local communities. The bill has been referred to the Assembly Local Government Committee but has not been set for a hearing at this time. We are continuing to work with the author on some clarifying amendments; the bill was heard in the Senate Governance and Finance Committee on July 8, 2015, where it passed 5-
1. It will be heard in the Senate Appropriations Committee when they return from their recess, but the date has not been set as of yet.

SB 13 (Pavley) This bill would provide a local agency or groundwater sustainability agency 90 or 180 days, as prescribed, to remedy certain deficiencies that caused the board to designate the basin as a probationary basin. This bill would authorize the board to develop an interim plan for certain probationary basins one year after the designation of the basin as a probationary basin. The bill also state that if the department determines that all or part of a basin or subbasin is not being monitored, would require the department to determine whether there is sufficient interest in establishing a groundwater sustainability plan. The bill will also serve as a vehicle for any necessary clean-up to the major ground water bill package passed and signed into law in 2014. The County does not have a position on this bill, but we are watching it as it moves through the process. The bill has cleared both the policy committee and the Appropriations committee in the Assembly; it has moved on the consent file, it will now go to the Assembly Floor for a full vote when they return in August from their summer recess.

SB 122 (Jackson, Hill and Roth) This bill is a vehicle for potential CEQA reform. The bill would require the lead agency, at the request of a project applicant and consent of the lead agency, to prepare a record of proceedings concurrently with the preparation of a negative declaration, mitigated negative declaration, EIR, or other environmental document for projects. The bill would state the intent of the Legislature to enact legislation establishing an electronic database clearinghouse of notices and environmental document prepared pursuant to CEQA, establishing a public review period for a final environmental impact report, and relating to the record of proceedings for a project for which an environmental impact report is prepared pursuant to CEQA. This County is supporting the bill. The bill passed the Assembly Natural Resources Committee where it passed 7-1; it is now sitting on the Assembly Appropriations Suspense file, which will be taken up when they return in August.

SB 128 (Wolk and Monning) The bill is the End of Options Act. It is modeled after a law in Oregon that allows a person who has received a life ending diagnosis to work with their physician to determine if they would like to option to end their life in their own manner. The bill is scheduled to be heard in the Assembly Health Committee, however was pulled and put over due to the lack of votes; the author’s continue to work with the Committee in an effort to obtain those necessary votes. The bill is now a two-year bill, it will be taken up next year by the authors. The County is supporting the bill.

SB 658 (Hill) The County is supporting this measure. This bill revises the maintenance and training requirements for placement of automated external defibrillators (AEDs) in commercial buildings and K-12 schools that are conditions for obtaining qualified immunity from civil liability for the selection, installation, placement, and use of AEDs in those facilities. This bill is scheduled to go the Assembly Floor, it passed out of Assembly Judiciary Committee on June 23, 2015 with no opposition.

SB 788 (McGuire) The County is supporting this measure. This bill eliminates the exception in the California Coastal Sanctuary Act of 1994 (AB 2444, O’Connell) (CCSA) that allows the State Lands Commission (Commission) to issue an offshore oil lease if state oil or gas deposits are being drained by wells on federal lands and the lease is in the best interests of the state. The bill will was heard in Assembly Natural Resources Committee on June 29, 2015, where it got out
7-2, the measure is currently sitting on the Assembly Appropriations Suspense file which will be heard when they return in August.

Conclusion

With the budget having been completed, members are back in their districts trying to meet with constituents, do town hall meetings and enjoy their families. Once they return in August they will work at a frantic pace to get their work completed. With the end of session quickly approaching, September 11, 2015; there is much work to be done in an effort to get the bills moved to the Governor for his action. He will then have until October 11, 2015 to sign or veto any bills that land on his desk. As always, if you or your staff has any questions, please don’t hesitate to contact us.
Agenda Item 3A:
State Advocacy Letters
July 13, 2015

The Honorable Bill Quirk
Assemblymember, 20th District
State Capitol, Rm 2163
Sacramento, CA 94249

Fax No.: (916) 319-2120

RE: AB 57 Telecommunications: wireless telecommunication - OPPOSE

Dear Assemblymember Quirk,

I am writing on behalf of the Santa Barbara County Board of Supervisors to express their opposition for AB 57 Telecommunications: wireless telecommunication facilities. This bill would erode local government land use authority for wireless telecommunication facility siting and design and bypass the CEQA process.

Telecommunications facilities require discretionary zoning permits, and the permitting process will often require more time than the 150 day processing window the bill proposes under the best of circumstances. The discretionary permitting process includes getting adequate information from the applicant to determine that an application is complete, followed by the preparation and circulation for public review of a CEQA document, and finally, preparation of a staff report and attendance at a public hearing. This process is legally required and often takes more than 150 days.

The Santa Barbara County 2015 Legislative Platform, adopted by the Board of Supervisors, includes the principle of Local Control. The principle supports efforts to ensure local authority and control over governance issues and land use policies. AB 57 would conflict with this principle. For these reasons, Santa Barbara County opposes AB 57. If you have questions about the Board’s position, please contact the County’s Legislative Coordinator, Joseph Toney at 805-568-2060 or jtoney@countyofsfb.org.

Sincerely,

Janet Wolf
Chair, Board of Supervisors

cc: Assemblymember Katcho Achadjian, 35th Assembly District
Assemblymember Das Williams, 37th Assembly District
Members, County of Santa Barbara Board of Supervisors
Mona Miyasato, County Executive Officer
Monica Miller, Governmental Advocates
Cliff Berg, Governmental Advocates
Glenn Russell, Director, Planning and Development, County of Santa Barbara
July 13, 2015

The Honorable Das Williams  
Assemblymember, 37th District  
State Capitol, Room 4005  
Sacramento, CA 94249

FAX No.: (916) 319-2137

RE: AB 864 Oil spill response: environmentally and ecologically sensitive areas – SUPPORT

Dear Assemblymember Williams,

I am writing on behalf of the Santa Barbara County Board of Supervisors to express their support for AB 864 Oil spill response: environmentally and ecologically sensitive areas. This bill will require an operator of an oil pipeline along environmentally and ecologically sensitive areas near the coast to use the best available technology to reduce the amount of oil released in an oil spill in order to protect state waters and wildlife. This includes automatic shut off technology, and requires a pipeline operator to document the best available technology used in their oil spill contingency plan.

With the recent oil spill along the Santa Barbara County coastline, improved speed of issue detection and faster response times are necessary. This bill will ensure that the best available technology is in place with the purpose of protecting water and wildlife. For these reasons, Santa Barbara County supports AB 864.

If you have questions about the Board’s position, please contact the County’s Legislative Coordinator, Joseph Toney at 805)568-2060 or jtoney@countyofsb.org.

Sincerely,

Janet Wolf  
Chair, Board of Supervisors

cc: Assemblymember Katcho Achadjian, 35th Assembly District  
Members, County of Santa Barbara Board of Supervisors  
Mona Miyasato, County Executive Officer  
Monica Miller, Governmental Advocates  
Cliff Berg, Governmental Advocates
July 13, 2015

The Honorable Das Williams
Assemblymember, 37th District
State Capitol, Room 4005
Sacramento, CA 94249

FAX No.: (916) 319-2137

RE: ACR 58 Ralph Fertig Memorial Bicycle-Pedestrian Path and the Peter Douglas Coastal Access Way – SUPPORT

Dear Assemblymember Williams,

I am writing on behalf of the Santa Barbara County Board of Supervisors to express their support for Assembly Concurrent Resolution 58 Ralph Fertig Memorial Bicycle-Pedestrian Path and the Peter Douglas Coastal Access Way. This resolution honors Ralph Fertig’s bicycle advocacy and Peter Douglas’s coastal advocacy. Both of were strong supporters of California and their communities.

These two men were tireless advocates for their cause. The project to widen State Highway Route 101 would not have been possible without Mr. Fertig’s many years of diligent determination and direction to improve local bicycling conditions. Mr. Douglas was a relentless advocate for coastal access, protection and park preservation. For these reasons, Santa Barbara County supports ACR 58.

If you have questions about the Board’s position, please contact the County’s Legislative Coordinator, Joseph Toney at 805)568-2060 or jtoney@countysfb.org.

Sincerely,

Janet Wolf
Chair, Board of Supervisors

cc: Assemblymember Katcho Achadjian, 35th Assembly District
Members, County of Santa Barbara Board of Supervisors
Mona Miyasato, County Executive Officer
Monica Miller, Governmental Advocates
Cliff Berg, Governmental Advocates
July 27, 2015

The Honorable Das Williams
Assemblymember, 37th District
State Capitol, Room 4005
Sacramento, CA 94249

FAX No.: (916) 319-2137

RE: AB 3 Isla Vista Community Services District – SUPPORT

Dear Assemblymember Williams,

On May 19, 2015, the Santa Barbara County Board of Supervisors voted to support for Assembly Bill 3 (Williams) Isla Vista Community Services District (IVCSD), if amended with the requirement that the District approves a Utility User’s Tax (UUT) within 6 years instead of 10 years. The Bill has since been amended for the UUT to be passed by January 1, 2023, or within 6 years. The Board of Supervisors supports the amended legislation.

If you have any questions about the Board’s position, please contact the County’s Legislative Coordinator, Joseph Toney at (805) 568-2060 or jtoney@countyofsb.org.

Sincerely,

[Signature]

Janet Wolf
Chair, Board of Supervisors

cc: Assemblymember Katecho Achadjian, 35th Assembly District
Members, County of Santa Barbara Board of Supervisors
Mona Miyasato, County Executive Officer
Monica Miller, Governmental Advocates
Cliff Berg, Governmental Advocates
An act to amend Sections 6604, 6612, 6613, 6614, 6615, 6616, and 6618 of the Fish and Game Code, relating to ocean resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 233, as amended, Hertzberg. Marine resources and preservation. (1) The California Marine Resources Legacy Act establishes a program, administered by the Department of Fish and Wildlife, to allow partial removal of offshore oil structures. The act authorizes the department to approve the partial removal of offshore oil structures, if specified criteria are satisfied. The act requires the first person to file an application to partially remove an offshore oil structure to pay, in addition to other specified costs, the startup costs incurred by the department or the State Lands Commission to implement the act, including the costs to develop and adopt regulations, and requires the payment of startup costs to be reimbursed by the department, as specified. The act requires an applicant, upon conditional approval for removal, to apportion a percentage of the cost-savings funds in
accordance with a prescribed schedule to specified entities and funds. The act defines “cost savings” to mean the difference between the estimated cost to the applicant of complete removal of an oil platform, as required by state and federal leases, and the estimated costs to the applicant of partial removal of the oil platform pursuant to the act.

Before the first application to partially remove an offshore oil structure is filed, this bill would authorize a prospective applicant to pay a portion of the startup costs in an amount determined by the department to be necessary for staff and other costs in anticipation of receipt of the first application. The bill would require an applicant, upon conditional approval for partial removal of an offshore oil structure, to apportion and transmit a portion of the cost savings to the department, instead of to the specified entities and funds. The bill would require the department to apportion those cost-savings funds received from the applicant in accordance with the prescribed schedule to the specified entities if certain criteria are satisfied. The bill would require the department to apportion the cost-savings funds received from the applicant who elects to pay a portion of the startup costs before the first application is filed and who files the first application in accordance with the prescribed schedule based on when the application was submitted rather than when the cost savings are transmitted. The bill would authorize the applicant to withdraw the application at any time before final approval and would require the department to return specified funds, including startup costs, submitted to process the application that have not been expended as of the date of receipt of the notification of withdrawal. The bill would require the department to promptly return the cost savings to the applicant if the partial removal of the offshore oil structure is not permitted by a court or governmental agency and the applicant is required to carry out full removal of the structure.

(2) Existing law requires the Natural Resources Agency to serve as the lead agency for the environmental review under the California Environmental Quality Act (CEQA) of a proposed project to partially remove an offshore oil structure pursuant to the California Marine Resources Legacy Act. Upon certification of environmental documents pursuant to CEQA, the California Marine Resources Legacy Act requires the State Lands Commission to determine the cost savings of partial removal compared to full removal of the structure and requires the Ocean Protection Council to determine whether partial removal provides a net environmental benefit to the marine environment compared to the full removal of the structure.
This bill would instead require the commission to serve as the lead agency for the environmental review under CEQA.

The bill would require the council, in determining whether partial removal of the structure would provide a net benefit to the marine environment compared to full removal of the structure, to take certain adverse impacts to air quality and greenhouse gas emissions into account and to consult with the State Air Resources Board, among other entities. In making that determination, the bill would require the council to determine the appropriate weight to be assigned to adverse impacts to air quality and greenhouse gas emissions as compared to adverse impacts to biological resources and water quality.


The people of the State of California do enact as follows:

1 SECTION 1. Section 6604 of the Fish and Game Code is amended to read:
2 6604. (a) A proposed project to partially remove an offshore oil structure pursuant to this chapter is a project as defined in subdivision (c) of Section 21065 of the Public Resources Code and is therefore subject to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) and shall be reviewed pursuant to the time limits established in Section 21100.2 of the Public Resources Code.
3 (b) The commission shall serve as the lead agency for the environmental review of any project proposed pursuant to this chapter.

SEC. 2. Section 6612 of the Fish and Game Code is amended to read:
6612. (a) Upon receipt of an application to partially remove an offshore oil structure pursuant to this chapter, the department shall determine whether the application is complete and includes all information needed by the department.
(b) (1) Upon a determination that the application is complete, the applicant shall provide surety bonds executed by an admitted surety insurer, irrevocable letters of credit, trust funds, or other forms of financial assurances, determined by the department to be available and adequate, to ensure that the applicant will provide sufficient funds to the department, council, commission, and
conservancy to carry out all required activities pursuant to this article, including all of the following:

(A) Environmental review of the proposed project pursuant to Section 6604.

(B) A determination of net environmental benefit pursuant to Section 6613.

(C) A determination of cost savings pursuant to Section 6614.

(D) Preparation of a management plan for the structure pursuant to Section 6615.

(E) Implementation of the management plan and ongoing maintenance of the structure after the department takes title pursuant to Section 6620.

(F) Development of an advisory spending plan pursuant to Section 6621.

(G) Other activities undertaken to meet the requirements of this article, including the costs of reviewing applications for completeness, and reviewing, approving, and permitting the proposed project, which includes the costs of determining whether the project meets the requirements of all applicable laws and regulations and the costs of environmental assessment and review.

(2) The department shall consult with the council, commission, and conservancy in determining appropriate funding for activities to be carried out by those agencies.

(3) The funds provided pursuant to paragraph (1) shall not be considered in the calculation of cost savings pursuant to Section 6614 or the apportionment of cost savings pursuant to Section 6618.

(c) The first person to file an application on and after January 1, 2011, to partially remove an offshore oil structure pursuant to this chapter, shall pay, in addition to all costs identified under subdivision (b), the startup costs incurred by the department or the commission to implement this chapter, including the costs to develop and adopt regulations pursuant to this chapter. Before the first application is filed, a prospective applicant may elect to pay, and the department may accept payment of, a portion of the startup costs, in an amount determined by the department to be necessary for staff and other costs in anticipation of receipt of the first application. The payment of startup costs shall be reimbursed by the department as provided in paragraph (3) of subdivision (e) of Section 6618.
(d) As soon as feasible after the applicant provides financial assurances pursuant to subdivision (b), the lead agency shall begin the environmental review of the proposed project as required pursuant to Section 6604.

(e) The applicant may withdraw the application at any time before final approval. Upon notification that the applicant has withdrawn the application, the department shall return to the applicant any funds provided by the applicant under subdivisions (b) and (c) that have not been expended as of the date of receipt of notification of withdrawal.

SEC. 3. Section 6613 of the Fish and Game Code is amended to read:

6613. (a) The council shall determine whether the partial removal of an offshore oil structure pursuant to this chapter provides a net benefit to the marine environment compared to the full removal of the structure.

(b) As a necessary prerequisite to determining net environmental benefit as required in subdivision (a), the council shall, upon receipt of its initial application from the department pursuant to Section 6610, establish appropriate criteria, based on the best available credible science, for evaluating the net environmental benefit of full removal and partial removal of offshore oil structures.

(1) The criteria shall include, but are not limited to, the depth of the partially removed structure in relation to its value as habitat and the location of the structure, including its proximity to other reefs, both natural and artificial.

(2) The criteria shall not include any consideration of the funds to be generated by the partial removal of the structure.

(3) In determining the criteria, the council shall consult with appropriate entities, including, but not limited to, the department, the commission, the State Air Resources Board, the California Coastal Commission, and the California Ocean Science Trust.

(4) The council shall establish the criteria in time to use them in making its initial determination of net environmental benefit pursuant to this section.

(c) Upon certification of environmental documents pursuant to the California Environmental Quality Act, the council shall, based on the criteria developed pursuant to subdivision (b) and other relevant information, determine whether partial removal of the structure would provide a net benefit to the marine environment
compared to full removal of the structure. In making the
determination, the council shall, at a minimum, take into account
the following:
(1) The contribution of the proposed structure to protection and
productivity of fish and other marine life.
(2) Any adverse impacts to biological resources or water quality,
air quality or greenhouse gas emissions, or any other marine
environmental impacts, from the full removal of the facility that
would be avoided by partial removal as proposed in the application.
(3) Any adverse impacts to biological resources or water quality,
air quality or greenhouse gas emissions, or any other marine
environmental impacts, from partial removal of the structure as
proposed in the application.
(4) Any benefits to the marine environment that would result
from the full removal of the structure or from partial removal as
proposed in the application.
(5) Any identified management requirements and restrictions
of the partially removed structure, including, but not limited to,
restrictions on fishing or other activities at the site.
(d) In making the determination pursuant to subdivision (c), the
council shall determine the appropriate weight, based on the best
available credible science, to be assigned to adverse impacts to air
quality or greenhouse gas emissions as compared to adverse
impacts to biological resources or water quality.
(e) Benefits resulting from the contribution of cost savings to
the endowment shall not be considered in the determination of net
environmental benefit.
(f) The council may contract or enter into a memorandum of
understanding with any other appropriate governmental or
nongovernmental entity to assist in its determination of net
environmental benefit.
(g) The determination made pursuant to this section and
submitted to the department by the council shall constitute the
final determination and shall not be revised except by the council.
(h) The council shall take all feasible steps to complete its
determination in a timely manner that accommodates the
department’s schedule for consideration of the application.
SEC. 4. Section 6614 of the Fish and Game Code is amended
to read:
6614. (a) Upon certification of the appropriate environmental
documents, the commission shall determine, or cause to be
determined, the cost savings that will result from the partial
removal of an offshore oil structure as proposed in the application
compared to full removal of the structure.
(b) The commission shall ensure that any cost savings are
accurately and reasonably calculated. The commission may contract
or enter into a memorandum of understanding with any other
appropriate governmental agency or other party, including an
independent expert, to ensure that cost savings are accurately and
reasonably calculated.
(c) The commission shall consider any estimates of cost savings
made by any governmental agency, including, but not limited to,
the Internal Revenue Service, the Franchise Tax Board, and the
United States Department of the Interior. The commission shall
include in its determination a written explanation, which shall be
available to the public, of the differences, and the reasons for the
differences, between the commission’s determination of cost
savings and any other estimates of cost savings the commission
considered.
(d) The applicant shall provide all necessary documentation, as
determined by the commission, to allow the commission to
calculate the amount of cost savings. Failure to provide information
requested by the commission in a timely manner may result in
rejection of the application.
(e) The determination made pursuant to this section and
submitted to the department by the commission shall constitute
the final determination and shall not be revised except by the
commission.
(f) The commission shall take all feasible steps to complete its
determination in a timely manner that accommodates the
department’s schedule for consideration of the application.

SEC. 5. Section 6615 of the Fish and Game Code is amended
to read:
6615. Prior to granting conditional approval of an application
for partial removal of an offshore oil structure, the department
shall do all of the following:
(a) Prepare a plan to manage the offshore oil structure after its
partial removal. The plan shall include measures to manage fishery
and marine life resources at and around the structure in a manner
that will ensure that the net benefits to the marine environment identified pursuant to Section 6613 are maintained or enhanced.

Consistent with state and federal law, management measures may include a buffer zone in which fishing or removal of marine life is restricted or prohibited.

(b) Provide an opportunity for public comment on the application and environmental document pursuant to the California Environmental Quality Act.

(c) Hold public hearings for comment on the application and environmental document pursuant to the California Environmental Quality Act in the county nearest to the location of the offshore oil structure that is the subject of the application.

SEC. 6. Section 6616 of the Fish and Game Code is amended to read:

6616. The department may grant conditional approval of an application for partial removal of an offshore oil structure only if all of the following criteria are satisfied:

(a) The partial removal of the offshore oil structure and the planning, development, maintenance, and operation of the structure would be consistent with all applicable state, federal, and international laws, including, but not limited to, all of the following:

(1) The federal Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. Sec. 1801 et seq.).
(3) The federal Coastal Zone Management Act (16 U.S.C. Sec. 1451 et seq.).
(4) The California Coastal Management Program.
(5) The Marine Life Management Act (Part 1.7 (commencing with Section 7050)).
(6) The Marine Life Protection Act (Chapter 10.5 (commencing with Section 2850) of Division 3).
(7) State and federal water quality laws.
(8) Navigational safety laws.

(b) The partial removal of the offshore oil structure provides a net benefit to the marine environment compared to full removal of the structure, as determined pursuant to Section 6613.
(c) The cost savings that would result from the conversion of the offshore oil platform or production facility have been determined pursuant to Section 6614.

(d) The applicant has provided sufficient funds consistent with subdivision (b) of Section 6612.

(e) The department and the applicant have entered into a contractual agreement whereby the applicant will provide sufficient funds for overall management of the structure by the department, including, but not limited to, ongoing management, operations, maintenance, monitoring, and enforcement as these relate to the structure.

(f) The department has entered into an indemnification agreement with the applicant that indemnifies the state and the department, to the extent permitted by law, against any and all liability that may result, including, but not limited to, active negligence, and including defending the state and the department against any claims against the state for any actions the state undertakes pursuant to this article. The agreement may be in the form of an insurance policy, cash settlement, or other mechanism as determined by the department. In adopting indemnification requirements for the agreement, the department shall ensure that the state can defend itself against any liability claims against the state for any actions the state undertakes pursuant to this article and pay any resulting judgments. The department shall consult with and, as necessary, use the resources of the office of the Attorney General in preparing and entering into the indemnification agreement.

(g) The applicant has applied for and received all required permits, leases, and approvals issued by any governmental agency, including, but not limited to, a lease issued by the commission if the proposed project involves state tidelands and submerged lands. For structures located in federal waters, all of the following requirements shall be met:

1. The department and the owner or operator of the structure reach an agreement providing for the department to take title to the platform or facility as provided in Section 6620.

2. The department acquires the permit issued by the United States Army Corps of Engineers.
(3) The partial removal of the structure is approved by the Bureau of Safety and Environmental Enforcement of the United States Department of the Interior.

SEC. 7. Section 6618 of the Fish and Game Code is amended to read:

6618. (a) The cost savings from the partial removal of an offshore oil structure, as determined pursuant to Section 6614, shall be apportioned and transmitted as described in this section.

(b) Except as provided in subdivision (c), upon receipt of conditional approval pursuant to Section 6617, the applicant shall apportion and directly transmit a portion of the total amount of the cost savings to the department as follows:

(1) Fifty-five percent, if transmitted by the applicant to the department before January 1, 2017.

(2) Sixty-five percent, if transmitted by the applicant to the department on or after January 1, 2017, and before January 1, 2023.

(3) Eighty percent, if transmitted by the applicant to the department on or after January 1, 2023.

(c) Upon receipt of conditional approval pursuant to Section 6617, the applicant who elects to pay a portion of the startup costs pursuant to subdivision (c) of Section 6612 before the first application is filed and who files the first application to partially remove an offshore oil structure shall apportion and directly transmit a portion of the total amount of the cost savings resulting from the first application to the department as follows:

(1) Fifty-five percent, if the application was submitted before January 1, 2017.

(2) Sixty-five percent, if the application was submitted on or after January 1, 2017, and before January 1, 2023.

(3) Eighty percent, if the application was submitted on or after January 1, 2023.

(d) If the department’s final approval pursuant to Section 6619 or any other federal, state, or local permit or approval required for the partial removal of the offshore oil structure is permanently enjoined, vacated, invalidated, rejected, or rescinded by a court or governmental agency as the result of litigation challenging the permit or approval, and the applicant is required to carry out full removal of the structure, the department shall promptly return the cost savings to the applicant.
(e) Upon final, nonappealable judicial decisions upholding the department’s final approval pursuant to Section 6619 and all permits and approvals required for the partial removal of the offshore oil structure or the running of the statutes of limitations applicable to all the permits and approvals, whichever is later, the department shall directly transmit the following amounts from the total amount of the cost savings transmitted pursuant to subdivision (b) or (c) to the following entities:

(1) Eighty-five percent shall be deposited into the California Endowment for Marine Preservation established pursuant to Division 37 (commencing with Section 71500) of the Public Resources Code.

(2) Ten percent shall be deposited into the General Fund.

(3) Two percent shall be deposited into the Fish and Game Preservation Fund for expenditure, upon appropriation by the Legislature, by the department to pay any costs imposed by this chapter that are not otherwise provided for pursuant to subdivision (b) of Section 6612 and subdivision (e) of Section 6616. Any moneys remaining in the Fish and Game Preservation Fund, after providing for these costs, shall be used, upon appropriation by the Legislature, first to reimburse the payment of the startup costs described in subdivision (c) of Section 6612, and thereafter to conserve, protect, restore, and enhance the coastal and marine resources of the state consistent with the mission of the department.

(4) Two percent shall be deposited into the Coastal Act Services Fund, established pursuant to Section 30620.1 of the Public Resources Code, and shall be allocated to support state agency work involving research, planning, and regulatory review associated with the application and enforcement of coastal management policies in state and federal waters pursuant to state and federal quasi-judicial authority over offshore oil and gas development.

(5) One percent shall be deposited with the board of supervisors of the county immediately adjacent to the location of the facility prior to its decommissioning. The amount paid to the county shall be managed pursuant to paragraph (1) of subdivision (d) of Section 6817 of the Public Resources Code.
THIRD READING

Bill No: SB 233
Author: Hertzberg (D), et al.
Amended: 6/2/15
Vote: 21

SENATE NATURAL RES. & WATER COMMITTEE: 6-1, 4/28/15
AYES: Stone, Allen, Hertzberg, Hueso, Monning, Wolk
NOES: Jackson
NO VOTE RECORDED: Pavley, Vidak

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/28/15
AYES: Lara, Bates, Beall, Hill, Leyva, Mendoza, Nielsen

SUBJECT: Marine resources and preservation

SOURCE: Coalition for Enhanced Marine Resources
Sport Fishing Conservancy

DIGEST: This bill modifies the rigs-to-reefs program by requiring that the decision to allow partial decommissioning consider air quality or greenhouse gas emissions (GHGs), designating the State Lands Commission (commission) as the lead agency for the purposes of California Environmental Quality Act (CEQA), and makes other clarifying and technical changes.

ANALYSIS: Existing federal law requires that “decommissioned” oil and gas platforms be removed at the end of production, and the surrounding marine environment be cleaned up and restored to a natural condition. Existing state and federal offshore oil leases generally require the removal of decommissioned oil platforms after the lease ends. Both federal regulations and provisions in state and federal leases allow the federal government to consider and approve alternative decommissioning methods other than complete removal. “Rigs-to-reefs” programs are widely used in the Gulf of Mexico, and Louisiana, Texas and Mississippi.

Existing state law:
1) Establishes the California Marine Resources Legacy Act (Fish and Game Code §§ 6600 et seq.) which established state policy to allow, on a case-by-case basis, the partial decommissioning of offshore oil and gas platforms. Partial decommissioning means removing the top part of the platform while leaving the lower portion behind to act as a subsurface “reef.” Not all platforms may qualify for partial decommissioning, however, as certain conditions must be met. These include, among others, that there be a net environmental benefit from the “reef” and that a portion of the cost savings to the platform owner from partial, as opposed to full, decommissioning be shared with the state and deposited in an endowment whose moneys would be used to the benefit of coastal marine resources. This “rigs-to-reefs” program is voluntary and platforms in both state and federal waters are eligible to participate. The legislative findings for the bill that established the “rigs-to-reefs” program (AB 2503, Perez, Chapter 687, Statutes of 2010) included that the costs of the program should be borne by the applicants.

2) Recognizes the multi-jurisdictional nature of platform decommissioning and the need for a viable rigs-to-reefs program to utilize the established expertise and authority of different state entities. AB 2503 split up program responsibilities between different regulators as follows:

   a) The Department of Fish and Wildlife (department) has the primary authority, as specified, for carrying out the program,
   
   b) The Natural Resources Agency serves as lead agency under CEQA,
   
   c) The Ocean Protection Council (council) determines whether a net benefit to the marine environment from partial decommissioning exists,
   
   d) The State Lands Commission (commission) determines the cost savings, and
   
   e) The authority of the California Coastal Commission is acknowledged and information sharing, coordination and communication between the different entities is emphasized.

3) Provides that a rigs-to-reef application is complete when the applicant provides certain financial assurances that ensures that sufficient funds are available to pay for the cost of processing the application. The first AB 2503 applicant will also be required to pay the program’s set-up costs, although those are reimbursable.
4) Provides that conditional approval of a rigs-to-reef application may be provided when certain criteria, as specified, are met. When conditional approval is received, the owner or operator of the structure must transmit a portion of the total cost savings to the state on the following schedule: 55% by January 1, 2017, 65% between January 1, 2017 – January 1, 2023 and 80% after January 1, 2023.

This bill modifies the existing rigs-to-reefs program. Specifically, this bill:

1) Replaces the Natural Resources Agency as CEQA lead with the commission;

2) Allow the applicant to withdraw its rigs-to-reef application at any time and clarifies payment for start-up costs and reimbursement procedures, if applicable, for applicants;

3) Adds consultation with the Air Resources Board, as specified, in the calculation of net benefits to the marine environment;

4) Adds air quality or GHGs to the determination of the net benefit to the marine environment;

5) Adds a public meeting to review the environmental documents to the one already required on the application, as specified; and

6) Makes additional technical and clarifying changes.

**Background**

There are 27 oil and gas platforms offshore California. Four of these platforms are in state waters at relatively shallow depths (approximately 200 feet or less). The remaining 23 platforms are over three miles from shore at depths reaching nearly 1,200 feet. Additionally, there are five more offshore “islands” (which are also platforms) in state waters. The platforms are located off the coasts of Los Angeles, Ventura and Santa Barbara counties. At least five offshore platforms, including one island, off the coast of California have been “decommissioned” and removed.

Rigs-to-reefs programs allow the oil industry to avoid the costs of full decommissioning, although full decommissioning was an agreed-upon lease condition. Estimates of the cost savings associated with partial decommissioning vary from tens of millions to hundreds of millions of dollars per platform. AB 2503 provided a financial incentive to the oil industry to submit partial
decommissioning applications by providing that a smaller fraction of the cost savings would be shared with the state in the early years of the program (55%) compared to later (80%).

Despite repeated assertions over at least the last 15 years that applications for partial decommissioning were imminent, no applications under AB 2503 have been filed with the state. (It is a fair point that no application has been developed pursuant to AB 2503, which this bill seeks to address.) The economic viability of any offshore platform and its oil and gas wells is a function of many factors. High prices for crude oil the last five years – prices of benchmark crudes often exceeded $100/barrel – compared to approximately $50/barrel in last several months with muted expectations of a substantial price rise in the short term are likely to have affected the outlook for the offshore California platforms.

Comments

The commission has experience as a CEQA lead agency for platform decommissioning. Even in the event of an application for a rigs-to-reefs conversion in federal waters, it is likely that substantial elements of the decommissioning would be under the commission’s jurisdiction.

Air quality and the net environmental benefit. The consideration of air quality, including GHGs, in decommissioning is a required element of the CEQA environmental analysis. The focus on biological resources and water quality – in other words on the proposed reef and its immediate subsurface environment – in the existing calculation of the net environmental benefit to the marine environment seeks to ensure the reef provides lasting benefits. It is highly likely that there will be a significant difference in total air emissions between partial and full decommissioning to the advantage of partial decommissioning. That said, the direct and indirect impacts from air emissions to the proposed reef and their duration are unclear, and the council will have to determine how to appropriately weigh these impacts in its calculations.

The rigs-to-reef program is voluntary. Circumstances may arise, such as advances in offshore oil production, where the platform owner may wish to keep the platform in operation despite having applied for partial decommissioning. Existing law is clear that the rigs-to-reefs program is voluntary, and the bill makes explicit that the platform owner may withdraw the program application.
AB 2503’s division of regulatory effort is appropriate given existing jurisdiction and expertise. Offshore oil platforms operate under the jurisdiction of multiple regulators, as will their eventual partial or full decommissioning. There is substantial existing expertise and experience relevant to decommissioning already extant in state government. Coordination and communication are critical between the relevant entities as they utilize their existing expertise and exercise their independent judgment in processing a rigs-to-reef application. AB 2503 specifically provides for formal agreements to be used to ensure coordination and communication between entities and timely application processing. These have proven successful in many other circumstances.

Recent platform decommissioning. According to the commission, Belmont Island off the coast of Los Angeles County was decommissioned in the early 2000s and was the last offshore oil facility to be removed from California’s waters. The commission found that complete removal of the island was the environmentally preferred option because there was no evidence that the island provided unique habitat in the area. Additionally, the Coast Guard determined, given the shallow depth, that leaving the base of the island behind would create a navigational hazard.

Prior to the Belmont Island decommissioning, the Chevron 4-H platforms off the coast of Carpenteria and Summerland were decommissioned in 1996. The commission acted as CEQA lead. During the platforms’ operation, “shell mounds” built up under each one. The mounds are composed of materials from the periodic cleaning of the platform legs of marine life as well as other marine organisms. Additionally drilling fluids and drill cuttings were deposited on the sea floor underneath the platforms prior to this practice being banned. The drilling materials contain contaminants such as PCBs, hydrocarbons and metals. All of these materials are now bonded together in the mounds which were left in place when the platforms were decommissioned. The mounds are 25 – 28 feet high, and 200 – 250 feet in diameter. Decommissioning requirements included the full removal of the shell mounds and all site debris, and that a “trawl test” with standard equipment be performed. According to reports, the site is untrawlable. A decision has been made to leave the mounds in place, but it is unclear if all the necessary permits have been issued.

Most of the offshore platforms are in federal waters and will need federal permits. While close coordination and communication may be able to facilitate the necessary state permits for partial decommissioning, the state cannot compel the relevant federal entities to issue the applicable federal permits in a timely manner.
Do rigs-to-reefs automatically mean there will be more fishing opportunities? Not necessarily. The department is authorized to limit fishing in the vicinity of the reef, if warranted (FGC §6613(c)).

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee, this bill has one-time costs in the low to mid tens of thousands of dollars, reimbursable by the project applicant, to the department and the Air Resources Board for new responsibilities in considering a partial decommissioning application.

**SUPPORT:** (Verified 6/1/15)

- Coalition for Enhanced Marine Resources (co-source)
- Sport Fishing Conservancy (co-source)
- Amigos Del Air Libre
- Big Fish Bait and Tackle
- Deep Blue Scuba and Swim Center
- Get Wet Scuba
- Harbor Breeze Corporation
- Hubbs-Sea World Research Institute
- Inland Empire Waterkeeper
- Orange County Coastkeeper
- Pierpoint Landing
- Professional Association of Diving Instructors
- San Diego County Wildlife Federation
- 22nd Street Landing Sportfishing
- United Anglers
- Valley Industry and Commerce Association

**OPPOSITION:** (Verified 6/1/15)

- Citizens Planning Association of Santa Barbara County
- Community Environmental Council
- Environment California
- Environmental Action Committee of West Marin
- Environmental Defense Center
- Food and Water Watch
- Friends of the Sea Otter
- Get Oil Out!
ARGUMENTS IN SUPPORT: According to the author, “in 2010, the Legislature passed AB 2503 by former Speaker John Perez, which enacted California’s rigs-to-reefs program. We are now nearing the point where the first of California’s offshore oil rigs will be ready for decommissioning in the next few years. It has become apparent through discussions with the Administration, that the permitting process is unworkable, both for practical reasons involving a lack of expertise and fiscal reasons as well. Senate Bill 233 is intended to make the current rigs-to-reefs permitting process more pragmatic without sacrificing any level of environmental review. As the bill moves along, we intend to work closely with a multi-agency group to review the rigs-to-reefs approval process and make recommendations for changes, the chairs of the policy committees, and stakeholders to make sure that we have a consensus approach to the decommissioning process [that] is both workable and protective of the environment.”

The author continues, “[t]he bill adds the impact of greenhouse gas emissions [which] should be considered in weighing the removal options for offshore oil rigs” in the calculation of the net environmental benefit and “has left open for negotiation moving back the various cut-off dates which encourage early retirement of oil rigs to accommodate the five years since the passage of AB 2503.”

“Overall, SB 233 seeks to take a critical look at the rigs-to-reefs program and to work to make the process better. Ultimately, if oil rigs are approved for conversion, a productive marine ecosystem will be saved from destruction and potentially hundreds of millions of dollars will be made available in perpetuity for funding ocean oriented environmental programs.”
ARGUMENTS IN OPPOSITION: In a joint opposition letter, the Environmental Defense Center and others note that this bill “is unnecessary, premature, and would undermine the provisions in existing law that require a balanced, thorough analysis of proposal to leave offshore oil platforms at sea. The bill is unnecessary because the legislature already passed AB 2503 in 2010. That bill followed many years of state-wide debate and was fashioned to include relevant agencies and stakeholders in a process that would address the many issues that will be raised if oil platforms are not removed from the ocean environment. These issues include legacy pollution resulting from residual toxins and contaminated debris left in the ocean, introduction of invasive species, attraction of fish away from productive natural reefs, safety and navigational risks, and increased liability to the state.”

The joint letter continues that this bill is premature because “no platforms are ready for decommissioning. […] Clearly, there is no need to hasten to amend existing law.” While acknowledging that many of the letter signers did not support AB 2503 because “we believe the oil industry should comply with its original commitments to remove oil platforms at the end of their productive life and to restore the marine environment to a natural condition,” they note that “[e]xisting law is adequate to address the issues raised by proposals to avoid full decommissioning of offshore oil platforms.”

The Environmental Action Committee of West Marin identifies several issues in its letter, including, among others, concerns about the length of time considered in the net environmental benefit analysis, and the lack of public participation in the development of net environmental benefit criteria.

Prepared by: Katharine Moore / N.R. & W. / (916) 651-4116
6/2/15 20:10:46

**** END ****
An act to amend Sections 17053.86 and 23686 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.
An act to amend Section 51013.5 of, and to add Section 51015.1 to, the Government Code, relating to pipeline safety.


Under the Elder California Pipeline Safety Act of 1981, the State Fire Marshal exercises safety regulatory jurisdiction over intrastate pipelines used for the transportation of hazardous or highly volatile liquid substances. The act authorizes the State Fire Marshal to exercise safety regulatory jurisdiction over portions of interstate pipelines located within the state and subject to an agreement between the United States Secretary of Transportation and the State Fire Marshal. The act requires those pipelines over 10 years of age to be hydrostatically tested every 3 or 5 years, as provided, except that high-risk pipelines, as designated by the State Fire Marshall, are to be tested every 2 years or annually, as provided.

This bill would require the State Fire Marshal, or an officer or employee authorized by the State Fire Marshal, to annually inspect all operators of intrastate pipelines under the jurisdiction of the State Fire Marshal. The bill would require pipelines over 5 years of age to be hydrostatically tested every 2 or 3 years, as provided, and would require
all designated high-risk pipelines to be tested annually. The bill would require the State Fire Marshall, to the maximum extent possible, to become an inspection agent by entering into an agreement with the federal Pipeline and Hazardous Materials Safety Administration, as specified. The bill would require the State Fire Marshall to revise specified fees assessed to cover the costs associated with this measure. The bill would also delete obsolete provisions.

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws, including, for taxable years beginning on or after January 1, 2014, and before January 1, 2017, a credit equal to a certain percentage of a contribution to the College Access Tax Credit Fund for specified education purposes, as provided.

This bill would extend the allowance of these credits to taxable years beginning before January 1, 2018.

This bill would take effect immediately as a tax levy.


The people of the State of California do enact as follows:

SECTION 1. Section 51013.5 of the Government Code is amended to read:

51013.5. (a) Every newly constructed pipeline, existing pipeline, or part of a pipeline system that has been relocated or replaced, and every pipeline that transports a hazardous liquid substance or highly volatile liquid substance, shall be tested in accordance with Subpart E (commencing with Section 195.300) of Part 195 of Title 49 of the Code of Federal Regulations.

(b) Every pipeline not provided with properly sized automatic pressure relief devices or properly designed pressure limiting devices shall be hydrostatically tested annually.

(c) Every pipeline over four five years of age and not provided with effective cathodic protection shall be hydrostatically tested every three two years, except for those on the State Fire Marshal’s list of higher risk pipelines, which shall be hydrostatically tested annually.

(d) Every pipeline over four five years of age and provided with effective cathodic protection shall be hydrostatically tested every five three years, except for those on the State Fire Marshal’s list.
of higher risk pipelines which shall be hydrostatically tested every two years; annually.

(e) Piping within a refined products bulk loading facility served by pipeline shall be tested hydrostatically at 125 percent of maximum allowable operating pressure utilizing the product ordinarily transported in that piping if that piping is operated at a stress level of 20 percent or less of the specified minimum yield strength of the pipe. The frequency for pressure testing these pipelines shall be every five years for those pipelines with effective cathodic protection and every three years for those pipelines without effective cathodic protection. If that piping is observable, visual inspection may be the method of testing.

(f) Beginning on July 1, 1990, and continuing until the regulations adopted by the State Fire Marshal pursuant to subdivision (g) take effect, each pipeline within the State Fire Marshal’s jurisdiction which satisfies any of the following sets of criteria shall be placed on the State Fire Marshal’s list of higher risk pipelines until five years pass without a reportable leak due to corrosion or defect on that pipeline. Initially, pipelines on that list shall be tested by the next scheduled test date, or within two years of being placed on the list, whichever is first. On July 1, 1990, pipeline operators shall provide the State Fire Marshal with a list of all their pipelines which satisfy the criteria in this subdivision as of July 1, 1990. If any pipeline becomes eligible for the list of higher risk pipelines after that date, the pipeline company shall report that fact to the State Fire Marshal within 30 days, and the pipeline shall be placed on the list retroactively to the date on which it became eligible for listing. Pipelines which are found to belong on the list, but are not so reported by the operator to the State Fire Marshal, shall be placed on the list retroactively. Operators failing to properly report their pipelines shall be subject to penalties under Section 51018.6. Pipelines not covered under the risk criteria developed pursuant to subdivision (g) shall be deleted from the list when regulations are adopted pursuant to that subdivision. For purposes of this subdivision, a leak which is traceable to an external force, but for which corrosion is partly responsible, shall be deemed caused by corrosion; “defect” refers to manufacturing or construction defects, and “leak” or “reportable leak” means a rupture required to be reported pursuant to Section 51018. As long as all pipelines are tested in their entirety
at least as frequently as standard risk pipelines under subdivisions (c) and (d), it shall suffice for additional tests on higher risk pipelines to cover 20 pipeline miles in all directions along an operator’s pipeline from the position of the leak or leaks which led to the inclusion or retention of that pipeline on the higher risk list. The interim list shall include pipelines which meet any of the following criteria:

1. Have suffered two or more reportable leaks, not including leaks during a certified hydrostatic pressure test, due to corrosion or defect in the prior three years.

2. Have suffered three or more reportable leaks, not including leaks during a certified hydrostatic pressure test, due to corrosion, defects, or external forces, but not all due to external forces, in the prior three years.

3. Have suffered a reportable leak, except during a certified hydrostatic pressure test, due to corrosion or defect of more than 50,000 gallons, or 10,000 gallons in a standard metropolitan statistical area, in the prior three years; or have suffered a leak due to corrosion or defect which the State Fire Marshal finds has resulted in more than 42 gallons of a hazardous liquid within the State Fire Marshal’s jurisdiction entering a waterway in the prior three years; or have suffered a reportable leak of a hazardous liquid with a flashpoint of less than 140 degrees Fahrenheit, or 60 degrees centigrade, in the prior three years.

4. Are less than 50 miles long, and have experienced a reportable leak, except during a certified hydrostatic pressure test, due to corrosion or a defect in the prior three years. For the purposes of this paragraph, the length of a pipeline with more than two termini shall be the longest distance between two termini along the pipeline.

5. Have experienced a reportable leak in the prior five years due to corrosion or defect, except during a certified hydrostatic pressure test, on a section of pipe more than 50 years old. For pipelines which fall in this category, and no other category of higher risk pipeline, additional tests required by this subdivision shall be required only on segments of the pipe more than 50 years old as long as all pipe more than 50 years old which is within 20 pipeline miles from the leak in all directions along an operator’s pipeline is tested.

(g)
(f) The State Fire Marshal shall study indicators and precursors of serious pipeline accidents, and, in consultation with the Pipeline Safety Advisory Committee, shall develop criteria for identifying which hazardous liquid pipelines pose the greatest risk to people and the environment due to the likelihood of, and likely seriousness of, an accident due to corrosion or defect. The study shall give due consideration to research done by the industry, the federal government, academia, and to any other information which the State Fire Marshal shall deem relevant, including, but not limited to, recent leak history, pipeline location, and materials transported.

Beginning January 1, 1992, using the criteria identified in that study, the State Fire Marshal shall maintain a list of higher risk pipelines, which exceed a standard of risk to be determined by the State Fire Marshal, and which shall be tested as required in subdivisions (c) and (d) as long as they remain on the list. By January 1, 1992, after public hearings, the State Fire Marshal shall adopt regulations to implement this subdivision.

(g) In addition to the requirements of subdivisions (a) to (e), inclusive, the State Fire Marshal may require any pipeline subject to this chapter to be subjected to a pressure test, or any other test or inspection, at any time, in the interest of public safety.

(h) Test methods other than the hydrostatic tests required by subdivisions (b), (c), (d), and (e), including inspection by instrumented internal inspection devices, may be approved by the State Fire Marshal on an individual basis. If the State Fire Marshal approves an alternative to a pressure test in an individual case, the State Fire Marshal may require that the alternative test be given more frequently than the testing frequencies specified in subdivisions (b), (c), (d), and (e).

(i) The State Fire Marshal shall adopt regulations before January 1, 1992, to establish what the State Fire Marshal deems to be an appropriate frequency for tests and inspections, including instrumented internal inspections, which, when permitted as a substitute for tests required under subdivisions (b), (c), and (d), do not damage pipelines or require them to be shut down for the testing period. That testing shall in no event be less frequent than is required by subdivisions (b), (c), and (d). Each time one of these
tests is required on a pipeline, it shall be approved on the same
individual basis as under subdivision (i), (h). If it is not approved,
a hydrostatic test shall be carried out at the time the alternative
test would have been carried out, and subsequent tests shall be
carried out in accordance with the time intervals prescribed by
subdivision (b), (c), or (d), as applicable.

SEC. 2. Section 51015.1 is added to the Government Code, to
read:
51015.1. (a) The State Fire Marshal, or an officer or employee
authorized by the State Fire Marshal, shall annually inspect all
operators of intrastate pipelines under the jurisdiction of the State
Fire Marshal to ensure compliance with applicable laws and
regulations.
(b) For portions of interstate pipelines that are not under the
jurisdiction of the State Fire Marshal pursuant to Section 51010.6,
the State Fire Marshal shall, to the maximum extent possible,
become an inspection agent through entering into an interstate
inspection agreement with the federal Pipeline and
Hazardous Materials Safety Administration.
(c) The State Fire Marshall shall revise the fee assessed
pursuant to Section 51019 to a level sufficient to cover the costs
associated with the implementation of this section and Section
51013.5, as amended by the act adding this section.

SECTION 1. Section 17053.86 of the Revenue and Taxation
Code is amended to read:
17053.86. (a) (1) For each taxable year beginning on or after
January 1, 2014, and before January 1, 2018, there shall be allowed
as a credit against the “net tax,” as defined in Section 17039, an
amount equal to the following:
(A) For each taxable year beginning on and after January 1,
2014, and before January 1, 2016, 60 percent of the amount
contributed by the taxpayer for the 2014 or 2015 taxable year to
the College Access Tax Credit Fund, as allocated and certified by
the California Educational Facilities Authority.
(B) For each taxable year beginning on and after January 1,
2016, and before January 1, 2017, 55 percent of the amount
contributed by the taxpayer for the 2016 taxable year to the College
Access Tax Credit Fund, as allocated and certified by the California
Educational Facilities Authority.
(C) For each taxable year beginning on and after January 1, 2017, and before January 1, 2018, 50 percent of the amount contributed by the taxpayer for the 2017 taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.

(2) Contributions shall be made only in cash.

(b) (1) The aggregate amount of credit that may be allocated and certified pursuant to this section and Section 23686 shall be an amount equal to the sum of all of the following:

(A) Five hundred million dollars ($500,000,000) in credits for the 2014 calendar year and each calendar year thereafter.

(B) The amount of previously unallocated and uncertified credits.

(2) (A) For purposes of this section, the California Educational Facilities Authority shall do all of the following:

(i) On or after January 1, 2014, and before January 1, 2018, allocate and certify tax credits to taxpayers under this section.

(ii) Establish a procedure for taxpayers to contribute to the College Access Tax Credit Fund and to obtain from the California Educational Facilities Authority a certification for the credit allowed by this section. The procedure shall require the California Educational Facilities Authority to certify the contribution amount eligible for credit within 45 days following receipt of the contribution.

(iii) Provide to the Franchise Tax Board a copy of each credit certificate issued for the calendar year by March 1 of the calendar year immediately following the year in which those certificates are issued.

(B) (i) The California Educational Facilities Authority shall adopt any regulations necessary to implement this paragraph.

(ii) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to any regulation adopted by the California Educational Facilities Authority pursuant to clause (i).

(c) (1) In the case where the credit allowed by this section exceeds the “net tax,” the excess may be carried over to reduce the “net tax” in the following year, and succeeding five years if necessary, until the credit is exhausted.
A deduction shall not be allowed under this part for amounts taken into account under this section in calculating the credit allowed by this section.

(d) (1) The College Access Tax Credit Fund is hereby created as a special fund in the State Treasury. All revenue in this special fund shall be allocated as follows:

(A) First to the General Fund in an amount equal to the aggregate amount of certified credits allowed pursuant to this section and Section 23686 for the taxable year. Funds allocated to the General Fund shall be considered General Fund revenues for purposes of Sections 8 and 8.5 of Article XVI of the California Constitution.

(B) Second, upon appropriation, as follows:

(i) To the Franchise Tax Board, the California Educational Facilities Authority, the Controller, and the Student Aid Commission for reimbursement of all administrative costs incurred by those agencies in connection with their duties under this section, Section 23686, and Section 69432.7 of the Education Code.

(ii) To the Student Aid Commission for purposes of awarding Cal Grants to students pursuant to Section 69431.7 of the Education Code.

(2) The tax credit allowed by subdivision (a) of this section and subdivision (a) of Section 23686 for donations to the College Access Tax Credit Fund shall be known as the College Access Tax Credit.

(e) This section shall remain in effect only until December 1, 2018, and as of that date is repealed.

SEC. 2. Section 23686 of the Revenue and Taxation Code is amended to read:

23686. (a) (1) For each taxable year beginning on or after January 1, 2014, and before January 1, 2018, there shall be allowed as a credit against the “tax,” as defined in Section 23036, an amount equal to the following:

(A) For each taxable year beginning on and after January 1, 2014, and before January 1, 2016, 60 percent of the amount contributed by the taxpayer for the 2014 or 2015 taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.

(B) For each taxable year beginning on and after January 1, 2016, and before January 1, 2017, 55 percent of the amount
contributed by the taxpayer for the 2016 taxable year to the College
Access Tax Credit Fund, as allocated and certified by the California
Educational Facilities Authority.
(C) For each taxable year beginning on and after January 1,
2017, and before January 1, 2018, 50 percent of the amount
contributed by the taxpayer for the 2017 taxable year to the College
Access Tax Credit Fund, as allocated and certified by the California
Educational Facilities Authority.
(2) Contributions shall be made only in cash.
(b) (1) The aggregate amount of credit that may be allocated
and certified pursuant to this section and Section 17053.86 shall
be an amount equal to the sum of all of the following:
(A) Five hundred million dollars ($500,000,000) in credits for
the 2014 calendar year and each calendar year thereafter.
(B) The amount of previously unallocated and uncertified
credits.
(2) (A) For purposes of this section, the California Educational
Facilities Authority shall do all of the following:
(i) On or after January 1, 2014, and before January 1, 2018;
allocate and certify tax credits to taxpayers under this section:
(ii) Establish a procedure for taxpayers to contribute to the
College Access Tax Credit Fund and to obtain from the California
Educational Facilities Authority a certification for the credit
allowed by this section. The procedure shall require the California
Educational Facilities Authority to certify the contribution amount
eligible for credit within 45 days following receipt of the
contribution.
(iii) Provide to the Franchise Tax Board a copy of each credit
certificate issued for the calendar year by March 1 of the calendar
year immediately following the year in which those certificates
are issued.
(B) (i) The California Educational Facilities Authority shall
adopt any regulations necessary to implement this paragraph.
(ii) Chapter 3.5 (commencing with Section 11340) of Part 1 of
Division 3 of Title 2 of the Government Code does not apply to
any regulation adopted by the California Educational Facilities
Authority pursuant to clause (i).
(c) (1) In the case where the credit allowed by this section
exceeds the “tax,” the excess may be carried over to reduce the
“tax” in the following year, and succeeding five years if necessary, until the credit is exhausted.

(2) A deduction shall not be allowed under this part for amounts taken into account under this section in calculating the credit allowed by this section.

(d) This section shall remain in effect only until December 1, 2018, and as of that date is repealed.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.
SUMMARY

SB 295 will help reduce the risk of oil spills from pipelines by:

1. Requiring the State Fire Marshall to annually inspect all intrastate pipeline operators.
2. Instructing the State Fire Marshall to enter into an agreement with the Pipeline and Hazardous Materials Safety Administration in order to inspect federally regulated interstate pipelines.
3. Increasing the frequency of hydrostatic (pressure) pipeline inspections.
4. Requiring the State Fire Marshall to increase the fees assessed on pipeline operators in order to pay for increased inspections.

BACKGROUND

In 1969, the then-largest known oil spill blackened the pristine Santa Barbara coastline. That spill spawned Earth Day, giving birth to the environmental movement.

On May 19 of this year tragedy struck again when an onshore pipeline carrying crude oil ruptured and spilled over 100,000 gallons of oil, over 20,000 gallons of which ended up in the ocean off the Santa Barbara Coastline. To date this spill has caused significant negative impacts to the ocean, local beaches, wildlife, and the local economy. Although the investigation into the response and the oil spill is ongoing, we do know that corrosion was responsible for the rupture. Before the spill, the last completed inspection was in 2013. The pipeline was again inspected in 2015, but at the time of the accident the results of the inspection had not been analyzed.

SOLUTION

The pipeline that ruptured—line 901—was being inspected every other year. If line 901 had been inspected annually the corrosion would likely have been detected before it ruptured and this disaster would have been avoided. Because line 901 is federally regulated, SB 295 addresses these shortcomings by directing the State Fire Marshall to seek the authority to inspect federally regulated pipelines and to inspect all pipelines annually.

Increasing the frequency of hydrostatic testing will also help reduce the risk of oil spills caused by pipeline failure. Hydrostatic tests are performed by pressurizing pipelines beyond their operating pressure. It has been reported that the operating pressure of line 901 was 650 pounds per square inch (psi); the failure occurred when the pressure spiked to 700 psi, or 107.7 percent of its operating pressure. The State Fire Marshall pressurizes pipelines to 125 percent during hydrostatic testing, well above the 107.7 percent that caused line 901 to fail. A hydrostatic test would likely have ruptured line 901, spilling nothing.

Most importantly, oil pipeline owners should be financially responsible to ensure their pipelines operate safely and meet applicable laws and regulations, not taxpayers, which is why SB 295 requires fee increases on pipeline owners to pay for more inspections.

SUPPORT

Asian Pacific Environmental Network
Audubon California
Azul
California Coastal Protection Network
California League of Conservation Voters
Center for Biological Diversity
Clean Water Action
Defenders of Wildlife
Environment California
Environmental Action Committee of West Marin
Environmental Defense Center
Environmental Working Group
Heal the Bay
National Parks Conservation Association
Natural Resources Defense Council
Santa Barbara Channelkeeper
Surfrider Foundation
Surfrider Foundation Santa Barbara Chapter
Surfrider Foundation South Bay Chapter
Wildcoast

CONTACT

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SENATE BILL No. 414

Introduced by Senator Jackson
(Principal coauthor: Assembly Member Williams)

February 25, 2015

An act to amend Sections 8670.8.5, 8670.12, 8670.13, 8670.28, and 8670.67.5 of, and to add Sections 8670.11, 8670.12.1, 8670.13.3, 8670.31.5, and 8670.43 and 8670.13.3 to, the Government Code, relating to oil spill response.

LEGISLATIVE COUNSEL’S DIGEST

SB 414, as amended, Jackson. Oil spill response.

(1) The Lempert-Keene-Seastrand Oil Spill Prevention and Response Act generally requires the administrator for oil spill response, acting at the direction of the Governor, to implement activities relating to oil spill response, including emergency drills and preparedness, and oil spill containment and cleanup. The act authorizes the administrator to use volunteer workers in response, containment, restoration, wildlife rehabilitation, and cleanup efforts for oil spills in waters of the state. Existing law requires the administrator to evaluate the feasibility of using commercial fishermen and other mariners for oil spill containment and cleanup. Existing law authorizes oil spill response organizations to apply to the administrator for a rating for that organization’s response capabilities.
This bill would require the administrator, in cooperation with the United States Coast Guard, to conduct an independent vessel traffic assessment for all deepwater ports that may inform an area rescue towing plan for the approaches to the ports and to establish a schedule of drills and exercises that are required under the federal Salvage and Marine Firefighting regulations. The bill would require the administrator to develop and implement regulations for oil spill response organizations and guidelines requiring operators to allow immediate response to an oil spill by contracted fishing vessels and fishing crews. The bill would require the administrator, by regulation, to require oil spill response organizations to have specified oil spill response equipment. The bill would require the administrator, on or before July 1, 2016, to submit to the Legislature a report assessing the best available achievable technology and for equipment based on the estimated system recovery potential for oil spill prevention and response, as provided, and to update regulations based on the report before July 1, 2017.

(2) The act requires operators of specified vessels and facilities to submit to the administrator an oil spill contingency plan to determine whether the plan meets applicable requirements. The act requires an operator to resubmit the plan to the administrator every 5 years.

This bill would require the administrator to adopt, by regulation, methodology to rate the oil spill prevention and response equipment listed in the plan to maintain the best achievable protection standards through the use of equipment that is the best available technology. The bill would require the administrator, every 5 years, to provide to the Legislature a report that justifies the regulations and methodology.

(3)

(2) The act requires the administrator to license oil spill cleanup agents for use in response to oil spills. The federal Coastal Zone Management Act of 1972 (federal act) requires federal agency activities to be carried out in a manner that is consistent, to the maximum extent practicable, with an approved state management plan. Existing federal law authorizes the California Coastal Commission, the designated state agency, to conduct federal consistency review to ensure federal agency activities are consistent with the California Coastal Management Program.

This bill would prohibit the use of chemical oil spill cleanup agents in the waters of the state.
(3) The act makes a person who causes or permits a spill or inland spill strictly liable for specified penalties for the spill on a per-gallon-released basis. The act provides that the amount of penalty is reduced by the amount of released oil that is recovered and properly disposed of.

This bill would provide that the above reduction in the penalty for spills, including inland spills, of greater than 500 gallons, is only applicable to the amount of oil recovered and properly disposed of within 2 weeks of the start of the spill.


The people of the State of California do enact as follows:

SECTION 1.—Section 8670.8.5 of the Government Code is amended to read:

8670.8.5. (a) The administrator may use volunteer workers in response, containment, restoration, wildlife rehabilitation, and cleanup efforts for oil spills in waters of the state. The volunteers shall be deemed employees of the state for the purpose of workers’ compensation under Article 2 (commencing with Section 3350) of Chapter 2 of Part 1 of Division 4 of the Labor Code. Any payments for workers’ compensation pursuant to this section shall be made from the Oil Spill Response Trust Fund created pursuant to Section 8670.46.

(b) (1) The administrator shall develop and implement regulations for oil spill response organizations to allow immediate response to an oil spill by contracted fishing vessels and fishing crews and that shall provide for regularly scheduled emergency drills and training in areas that include the following:

(A) Shoreline protection.

(B) Towing boom and skimmers.

(C) Working with minibarges.

(D) Loading and unloading equipment from response barges.

(2) In developing the regulations, the administrator shall consider the fishing vessel training program funded and maintained by Alyeska’s Ship Escort/Response Vessel System, with regard to training, liability, insurance, compensation, and post response vessel cleanup.
SEC. 2.

SECTION 1. Section 8670.11 is added to the Government Code, to read:
8670.11. In addition to Section 8670.10, the administrator, in cooperation with the United States Coast Guard, shall establish a schedule of drills and exercises required pursuant to Section 155.4052 of Title 33 of the Code of Federal Regulations. The administrator shall make publicly available the established schedule.

SEC. 3.
SEC. 2. Section 8670.12 of the Government Code is amended to read:
8670.12. (a) The administrator shall conduct studies and evaluations necessary for improving oil spill response, containment, and cleanup and oil spill wildlife rehabilitation in waters of the state and oil transportation systems. The administrator may expend moneys from the Oil Spill Prevention and Administration Fund created pursuant to Section 8670.38, enter into consultation agreements, and acquire necessary equipment and services for the purpose of carrying out these studies and evaluations.
(b) The administrator shall study the use and effects of dispersants, incineration, bioremediation, and any other methods used to respond to a spill. The study shall periodically be updated to ensure the best achievable protection from the use of those methods. Based upon substantial evidence in the record, the administrator may determine in individual cases that best achievable protection is provided by establishing requirements that provide the greatest degree of protection achievable without imposing costs that significantly outweigh the incremental protection that would otherwise be provided. The studies shall do all of the following:
(1) Evaluate the effectiveness of dispersants and other chemical, bioremediation, and biological agents in oil spill response under varying environmental conditions.
(2) Evaluate potential adverse impacts on the environment and public health including, but not limited to, adverse toxic impacts on water quality, fisheries, and wildlife with consideration to bioaccumulation and synergistic impacts, and the potential for human exposure, including skin contact and consumption of contaminated seafood.
Recommend appropriate uses and limitations on the use of dispersants and other chemical, bioremediation, and biological agents to ensure they are used only in situations where the administrator determines they are effective and safe.

c) The studies shall be performed in conjunction with any studies performed by federal, state, and international entities. The administrator may enter into contracts for the studies.

SEC. 4.

SEC. 3. Section 8670.12.1 is added to the Government Code, to read:

8670.12.1. The administrator, in cooperation with the United States Coast Guard, shall conduct an independent vessel traffic risk assessment for all deepwater ports that may inform an area rescue towing plan for the approaches to the ports.

SEC. 5.

SEC. 4. Section 8670.13 of the Government Code is amended to read:

8670.13. (a) The administrator shall periodically evaluate the feasibility of requiring new technologies to aid prevention, response, containment, cleanup, and wildlife rehabilitation.

(b) (1) On or before July 1, 2016, the administrator shall submit a report to the Legislature, pursuant to Section 9795, assessing the best available achievable technology and of equipment based on the estimated system recovery potential for oil spill prevention and response, including, but not limited to, prevention and response tugs, tractor tugs, salvage and marine firefighting tugs, oil spill skimmers and barges, and protective in-water boom equipment. The assessment shall include all of the following:

(A) Evaluation of equipment based on its estimated system recovery potential.

(B) Updating the methodology for rating equipment, such as oil containment, skimming, storage and oil and water separation technologies, and an explanation of why the new methodology provides the best achievable protection.

(C) Evaluation of the most current oil spill and response equipment for increase capability, including, but not limited to, new generation, high-efficiency disc skimmers, including high-efficiency skimming NOFI Current Busters, or their equivalent, and Elastec grooved disc skimmers, or their equivalent.
(D) Consideration of whether a purpose-built, prepositioned prevention and response tug with appropriate size, bollard pull, horsepower, propulsion, seakeeping, and maneuverability to meet Det Norske Veritas criteria for emergency towing would lead to increased capability to provide best achievable protection.

(2) In conducting the assessment, the administrator shall consult the most recent peer-reviewed research on oil spill prevention and response, including, but not limited to, research performed by the Prince William Sound Regional Citizens’ Advisory Council as well as estimated system recovery potential research done at Genwest Systems, Inc., and Spiltec.

(3) Pursuant to Section 10231.5, this subdivision is inoperative on July 1, 2020.

(c) (1) Based on the report prepared pursuant to subdivision (b), the administrator shall establish standards governing the adequacy of oil spill contingency plans for best achievable technologies for oil spill prevention and response no later than July 1, 2017.

(2) The updated regulations shall enhance the capabilities for prevention, response, containment, cleanup, and wildlife rehabilitation.

SEC. 6.  Section 8670.28 of the Government Code is amended to read:

8670.28. (a) The administrator, taking into consideration the facility or vessel contingency plan requirements of the State Lands Commission, the Office of the State Fire Marshal, the California Coastal Commission, and other state and federal agencies, shall adopt and implement regulations governing the adequacy of oil spill contingency plans to be prepared and implemented under this article. All regulations shall be developed in consultation with the Oil Spill Technical Advisory Committee, and shall be consistent
with the California oil spill contingency plan and not in conflict with the National Contingency Plan. The regulations shall provide for the best achievable protection of waters and natural resources of the state. The regulations shall permit the development, application, and use of an oil spill contingency plan for similar vessels, pipelines, terminals, and facilities within a single company or organization, and across companies and organizations. The regulations shall, at a minimum, ensure all of the following:

1. All areas of state waters are at all times protected by prevention, response, containment, and cleanup equipment and operations.
2. Standards set for response, containment, and cleanup equipment and operations are maintained and regularly improved to protect the resources of the state.
3. All appropriate personnel employed by operators required to have a contingency plan receive training in oil spill response and cleanup equipment usage and operations.
4. Each oil spill contingency plan provides for appropriate financial or contractual arrangements for all necessary equipment and services for the response, containment, and cleanup of a reasonable worst case oil spill scenario for each area the plan addresses.
5. Each oil spill contingency plan demonstrates that all protection measures are being taken to reduce the possibility of an oil spill occurring as a result of the operation of the facility or vessel. The protection measures shall include, but not be limited to, response to disabled vessels and an identification of those measures taken to comply with requirements of Division 7.8 (commencing with Section 8750) of the Public Resources Code.
6. Each oil spill contingency plan identifies the types of equipment that can be used, the location of the equipment, and the time taken to deliver the equipment.
7. Each facility, as determined by the administrator, conducts a hazard and operability study to identify the hazards associated with the operation of the facility, including the use of the facility by vessels, due to operating error, equipment failure, and external events. For the hazards identified in the hazard and operability studies, the facility shall conduct an offsite consequence analysis that, for the most likely hazards, assumes pessimistic water and air dispersion and other adverse environmental conditions.
Each oil spill contingency plan contains a list of contacts to call in the event of a drill, threatened discharge of oil, or discharge of oil.

(9) Each oil spill contingency plan identifies the measures to be taken to protect the recreational and environmentally sensitive areas that would be threatened by a reasonable worst case oil spill scenario.

(10) Standards for determining a reasonable worst case oil spill. However, for a nontank vessel, the reasonable worst case is a spill of the total volume of the largest fuel tank on the nontank vessel.

(11) Each oil spill contingency plan specifies an agent for service of process. The agent shall be located in this state.

(b) The regulations and guidelines adopted pursuant to this section shall also include provisions to provide public review and comment on submitted oil spill contingency plans.

(c) The regulations adopted pursuant to this section shall specifically address the types of equipment that will be necessary, the maximum time that will be allowed for deployment, the maximum distance to cooperating response entities, the amounts of dispersant, and the maximum time required for application, should the use of dispersants be approved. Upon a determination by the administrator that booming is appropriate at the site and necessary to provide best achievable protection, the regulations shall require that vessels engaged in lightering operations be boomed prior to the commencement of operations.

(d) The administrator shall adopt regulations and guidelines for oil spill contingency plans with regard to mobile transfer units, small marine fueling facilities, and vessels carrying oil as secondary cargo that acknowledge the reduced risk of damage from oil spills from those units, facilities, and vessels while maintaining the best achievable protection for the public health and safety and the environment.

(e) The regulations adopted pursuant to subdivision (d) shall be exempt from review by the Office of Administrative Law. Subsequent amendments and changes to the regulations shall not be exempt from review by the Office of Administrative Law.

(f) (1) The administrator shall develop and implement regulations and guidelines requiring operators to allow immediate response to an oil spill by contracted fishing vessels and fishing
crews and providing for regularly scheduled emergency drills and training in areas that include all of the following:

(A) Shoreline protection.
(B) Towing boom and skimmers.
(C) Working with minibarges.
(D) Loading and unloading equipment from response barges.

(2) In developing the regulations, the administrator shall consider the fishing vessel training program funded and maintained by Alyeska’s Ship Escort/Response Vessel System, with regard to training, liability, insurance, compensation, and post response vessel cleanup.

SEC. 7. Section 8670.31.5 is added to the Government Code, to read:
8670.31.5. (a) For offshore oil spill response, the administrator shall, by regulation, establish a methodology for rating equipment, such as oil containment, skimming, storage, and oil/water separation technologies, listed in an oil spill contingency plan to maintain the best achievable protection standards through the use of equipment that is the best available technology.
(b) The administrator shall provide a report to the Legislature every five years that justifies the regulations adopted and methodologies established pursuant to subdivision (a). The report to the Legislature shall be delivered as provided in Section 9795 of the Government Code.

SEC. 8. Section 8670.43 is added to the Government Code, to read:
8670.43. Pursuant to paragraph (4) of subdivision (e) of Section 8670.40, the administrator shall require, by regulation, all oil spill response organizations to have in their response fleets both of the following:
(a) At least two new-generation, high-efficiency disc skimmers. This equipment shall include high efficiency skimming NOFI Current Busters, or their equivalent, and Elastec grooved disc skimmers, or their equivalent.
(b) A purpose-built, prepositioned prevention and response tug with appropriate size, bollard pull, horsepower, propulsion, seakeeping, and maneuverability to meet Det Norske Veritas criteria for emergency towing.
SEC. 9.

SEC. 7. Section 8670.67.5 of the Government Code is amended to read:

8670.67.5. (a) Regardless of intent or negligence, any person who causes or permits a spill shall be strictly liable civilly in accordance with subdivision (b) or (c).

(b) A penalty may be administratively imposed by the administrator in accordance with Section 8670.68 in an amount not to exceed twenty dollars ($20) per gallon for a spill. Except as provided in subdivision (d), the amount of the penalty shall be reduced for every gallon of released oil that is recovered and properly disposed of in accordance with applicable law.

(c) Whenever the release of oil resulted from gross negligence or reckless conduct, the administrator shall, in accordance with Section 8670.68, impose a penalty in an amount not to exceed sixty dollars ($60) per gallon for a spill. Except as provided in subdivision (d), the amount of the penalty shall be reduced for every gallon of released oil that is recovered and properly disposed of in accordance with applicable law.

(d) (1) For a spill of greater than 500 gallons, the penalty assessed pursuant to subdivision (b) or (c) shall only be reduced for every gallon of released oil that is recovered and properly disposed of in accordance with applicable law within two weeks of the start of the spill.

(2) Notwithstanding Section 8670.69.7, any increase in the amount of a penalty assessed for an inland spill resulting from the operation of paragraph (1) shall be deposited in the Environmental Enhancement Fund pursuant to Section 8670.70.

(e) The administrator shall adopt regulations governing the method for determining the amount of oil that is cleaned up.
SUMMARY

SB 414 will help make oil spill response faster, more effective, and more environmentally friendly by:

1. Requiring pipeline operators to contract with local fishing vessels and crews for immediate oil spill response.
2. Requiring the Office of Spill Prevention and Response (OSPR) to report to the Legislature the BAT for oil spill prevention and response and to implement standards based on that report.
3. Incentivizing faster oil spill cleanup by only allowing penalty offsets for oil recovered within the first two weeks of a spill.
4. Placing a ban on the use of chemical dispersants in state waters.

BACKGROUND

In 1969, the then-largest known oil spill blackened the pristine Santa Barbara coastline. That spill spawned Earth Day, giving birth to the environmental movement.

On May 19 of this year tragedy struck again when an onshore pipeline carrying crude oil ruptured and spilled over 100,000 gallons of oil, over 20,000 gallons of which ended up in the ocean off the Santa Barbara Coastline. To date this spill has caused significant negative impacts to the ocean, local beaches, wildlife, and the local economy. Although the investigation into the response and the oil spill—dubbed the Refugio Oil Spill—is ongoing, several deficiencies in our ability to immediately respond to these disasters and act quickly to protect our environment have been highlighted.

SOLUTION

In the wake of the Exxon Valdez spill, a very effective program was created for Prince William Sound that enables local fishing vessels and crews to immediately respond to oil spills. Local fishermen are the best suited to immediately respond to an oil spill since they are onsite, know the water and currents, and are interested in protecting their economic interests in the ocean. It took six hours for state resources to travel from the Los Angeles to Refugio Beach and even longer for cleanup activities to commence; if California had a program similar to the one in Prince William Sound then a more comprehensive response could have started at least six hours sooner, which would have reduced the negative impacts on our ocean, beaches, wildlife, and the economy.

SB 414 also specifies that penalty offsets for spilled oil may only be received for oil recovered within the first two weeks of a spill (currently offsets are allowed for all oil collected regardless of when it gets cleaned up). This policy shift will create an incentive for oil companies to clean up oil spills faster.

Finally, a National Academy of Science review in 2005 concluded that little to no evidence exists for the claims that dispersants “reduce the impact of oil on shorelines,” or “reduce the impact to birds and mammals on the water surface.” Indeed, spilled oil combined with dispersants is significantly more toxic than oil left to physically disperse on its own and is why Prince William Sound has banned their use. Although dispersants could not be used for this spill, SB 414 calls for a ban on the use of dispersants in response to oil spills due to their ineffectiveness and the environmental harm they cause.

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SUPPORT

*Environmental Action Committee of West Marin
*Environmental Defense Center
Audubon California
Azul
Black Surfers Collective
California Coastal Protection Network
California Coastkeeper Alliance
California Environmental Justice Alliance
California League of Conservation Voters
Center for Biological Diversity
Clean Water Action
Coastal Environmental Rights Foundation
Defenders of Wildlife
Environment California
Friends of the Earth
Heal the Bay
Humboldt Baykeeper
National Parks Conservation Association
Natural Resources Defense Council
Ocean Conservancy
Planning & Conservation League
Santa Barbara Channelkeeper
Santa Barbara Chapter of Surfrider
Sierra Club California
Surfrider Foundation
Surfrider Foundation South Bay Chapter
The Wildlands Conservancy
Trust for Public Land
ASSEMBLY BILL No. 806

Introduced by Assembly Member Dodd
(Coauthor: Assembly Member Atkins)

February 26, 2015

An act to amend Sections 34179, 34191.4, and 34191.5 of the Health and Safety Code, relating to redevelopment. An act to add Section 65964.5 to the Government Code, relating to local government.

LEGISLATIVE COUNSEL’S DIGEST


The Permit Streamlining Act governs the approval process that a city, county, or city and county is required to follow when approving, among other things, a project that is located within a flood hazard zone, a permit for a hazardous waste facility project, and a permit for construction or reconstruction for a development project for a wireless telecommunications facility.

This bill would require state and local agencies to encourage the installation of broadband by eliminating barriers that restrict broadband deployment. The bill would also require that strand-mounted antennas, as defined, that were previously in accordance with state or local government permitting requirements be exempt from additional permit
requirements. The bill would make findings and declarations in this regard including that this constitutes a matter of statewide concern.

(1) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies, subject to review by oversight boards, and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law requires the Department of Finance to issue a finding of completion to a successor agency upon confirmation by the county auditor-controller that specified payments have been fully made by the successor agency. Existing law prohibits a successor agency from entering into contracts with, incurring obligations or making commitments to, any entity, as specified; or from amending or modifying existing agreements, obligations, or commitments with any entity, for any purpose.

This bill would authorize a successor agency, if the successor agency has received a finding of completion, to amend or modify existing contracts and agreements, or otherwise administer projects in connection with enforceable obligations, if the contract, agreement, or project will not commit new property tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies, as specified.

(2) Existing law requires each successor agency to have an oversight board composed of 7 members and requires each member to be appointed by a specified authority.

This bill would allow each appointing authority to appoint alternate representatives to serve on the oversight board as may be necessary. This bill would provide that an alternate representative has the same participatory and voting rights as all other attending members of the oversight board, and would require the successor agency to promptly notify the Department of Finance regarding the appointment of any alternate representatives.

(3) Existing law requires the disposition of assets and properties of the former redevelopment agency as directed by the oversight board, as specified, and suspends these requirements until the Department of Finance has approved a long-range property management plan, as specified. Upon approval of a long-range property management plan, the plan governs and supersedes all other provisions relating to the disposition and use of the real property assets of the former
redevelopment agency. Existing law requires the property of a former redevelopment agency to be disposed of according to law if the department has not approved a long-range property management plan by January 1, 2016.

This bill would authorize the department to require a compensation agreement or agreements, but would specify that the compensation agreement or agreements may be developed and executed subsequent to the approval of a long-range property management plan. The bill would describe the criteria and standard to be applied by the department in approving a long-range property management plan. The bill would require the department to approve long-range property management plans as expeditiously as possible. This bill would also provide that actions relating to the disposition of property after approval of a long-range property management plan do not require review by the department.


The people of the State of California do enact as follows:

SECTION 1. Section 65964.5 is added to the Government Code, to read:

65964.5. (a) (1) The Legislature hereby finds and declares that communications technology and services, particularly broadband, are critical to the economic success of this state in the 21st century. Broadband can drive local and state economic growth, as well as improve education, business services, public safety, health care, and energy efficiency.

(2) The Legislature finds and declares that the implementation of consistent statewide policies to achieve timely and cost-effective deployment of broadband is a matter of statewide concern and that this section shall apply to charter cities and charter counties. The provisions of this section shall supersede any inconsistent provisions in the charter of any city, county, or city and county.

(b) It is the intent of the Legislature that state and local agencies not adopt ordinances, resolutions, or regulations that create unreasonable barriers to the installation of broadband. State and local agencies shall encourage the installation of broadband by eliminating barriers that restrict broadband deployment.
(c) (1) A strand-mounted antenna used for the provision of video, voice, or data service that is attached to communications infrastructure that were previously constructed in accordance with state or local permitting requirements shall be exempt from additional permitting requirements.

(2) For the purposes of this section, “strand-mounted antenna” means a low-powered antenna embedded in or attached to communications cables that are part of a pole-supported overhead communications infrastructure. “Strand-mounted antenna” shall not include a commercial mobile radio services (CMRS) antenna.

SECTION 1. Section 34179 of the Health and Safety Code is amended to read:

34179. (a) Each successor agency shall have an oversight board composed of seven members. The members shall elect one of their members as the chairperson and shall report the name of the chairperson and other members to the Department of Finance on or before May 1, 2012. Members shall be selected as follows:

(1) One member appointed by the county board of supervisors.

(2) One member appointed by the mayor for the city that formed the redevelopment agency.

(3) (A) One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is of the type of special district that is eligible to receive property tax revenues pursuant to Section 34188:

(B) On or after the effective date of this subparagraph, the county auditor-controller may determine which is the largest special district for purposes of this section.

(4) One member appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.

(5) One member appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.

(6) One member of the public appointed by the county board of supervisors.

(7) One member representing the employees of the former redevelopment agency appointed by the mayor or chair of the
board of supervisors, as the case may be, from the recognized employee organization representing the largest number of former redevelopment agency employees employed by the successor agency at that time. In the case where city or county employees performed administrative duties of the former redevelopment agency, the appointment shall be made from the recognized employee organization representing those employees. If a recognized employee organization does not exist for either the employees of the former redevelopment agency or the city or county employees performing administrative duties of the former redevelopment agency, the appointment shall be made from among the employees of the successor agency. In voting to approve a contract as an enforceable obligation, a member appointed pursuant to this paragraph shall not be deemed to be interested in the contract by virtue of being an employee of the successor agency or community for purposes of Section 1090 of the Government Code.

(8) If the county or a joint powers agency formed the redevelopment agency, then the largest city by acreage in the territorial jurisdiction of the former redevelopment agency may select one member. If there are no cities with territory in a project area of the redevelopment agency, the county superintendent of education may appoint an additional member to represent the public.

(9) If there are no special districts of the type that are eligible to receive property tax pursuant to Section 34188, within the territorial jurisdiction of the former redevelopment agency, then the county may appoint one member to represent the public.

(10) If a redevelopment agency was formed by an entity that is both a charter city and a county, the oversight board shall be composed of seven members selected as follows: three members appointed by the mayor of the city, if that appointment is subject to confirmation by the county board of supervisors, one member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is the type of special district that is eligible to receive property tax revenues pursuant to Section 34188, one member appointed by the county superintendent of education to represent schools, one member appointed by the Chancellor of the California Community Colleges to represent community college districts, and one member representing employees of the former
redevelopment agency appointed by the mayor of the city if that appointment is subject to confirmation by the county board of supervisors, to represent the largest number of former redevelopment agency employees employed by the successor agency at that time.

(11) Each appointing authority identified in this subdivision may, but is not required to, appoint alternate representatives to serve on the oversight board as may be necessary to attend any meeting of the oversight board in the event that the appointing authority’s primary representative is unable to attend any meeting for any reason. If an alternate representative attends any meeting in place of the primary representative, the alternate representative shall have the same participatory and voting rights as all other attending members of the oversight board. The successor agency shall promptly notify the department regarding the appointment of alternate representatives to the oversight board.

(b) The Governor may appoint individuals to fill any oversight board member position described in subdivision (a) that has not been filled by May 15, 2012, or any member position that remains vacant for more than 60 days.

(c) The oversight board may direct the staff of the successor agency to perform work in furtherance of the oversight board’s duties and responsibilities under this part. The successor agency shall pay for all of the costs of meetings of the oversight board and may include such costs in its administrative budget. Oversight board members shall serve without compensation or reimbursement for expenses.

(d) Oversight board members are protected by the immunities applicable to public entities and public employees governed by Part 1 (commencing with Section 810) and Part 2 (commencing with Section 814) of Division 3.6 of Title 1 of the Government Code.

(e) A majority of the total membership of the oversight board shall constitute a quorum for the transaction of business. A majority vote of the total membership of the oversight board is required for the oversight board to take action. The oversight board shall be deemed to be a local entity for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974. All actions taken by the oversight board shall be adopted by resolution.
(f) All notices required by law for proposed oversight board actions shall also be posted on the successor agency’s Internet Web site or the oversight board’s Internet Web site.

(g) Each member of an oversight board shall serve at the pleasure of the entity that appointed such member.

(h) The Department of Finance may review an oversight board action taken pursuant to this part. Written notice and information about all actions taken by an oversight board shall be provided to the department by electronic means and in a manner of the department’s choosing. An action shall become effective five business days after notice in the manner specified by the department is provided unless the department requests a review. Each oversight board shall designate an official to whom the department may make those requests and who shall provide the department with the telephone number and email contact information for the purpose of communicating with the department pursuant to this subdivision. Except as otherwise provided in this part, in the event that the department requests a review of a given oversight board action, it shall have 40 days from the date of its request to approve the oversight board action or return it to the oversight board for reconsideration and the oversight board action shall not be effective until approved by the department. In the event that the department returns the oversight board action to the oversight board for reconsideration, the oversight board shall resubmit the modified action for department approval and the modified oversight board action shall not become effective until approved by the department. If the department reviews a Recognized Obligation Payment Schedule, the department may eliminate or modify any item on that schedule prior to its approval. The county auditor-controller shall reflect the actions of the department in determining the amount of property tax revenues to allocate to the successor agency. The department shall provide notice to the successor agency and the county auditor-controller as to the reasons for its actions. To the extent that an oversight board continues to dispute a determination with the department, one or more future recognized obligation schedules may reflect any resolution of that dispute. The department may also agree to an amendment to a Recognized Obligation Payment Schedule to reflect a resolution of a disputed item; however, this shall not affect
a past allocation of property tax or create a liability for any affected taxing entity.

(i) Oversight boards shall have fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188. Further, the provisions of Division 4 (commencing with Section 1000) of the Government Code shall apply to oversight boards. Notwithstanding Section 1099 of the Government Code, or any other law, any individual may simultaneously be appointed to up to five oversight boards and may hold an office in a city, county, city and county, special district, school district, or community college district.

(j) Commencing on and after July 1, 2016, in each county where more than one oversight board was created by operation of the act adding this part, there shall be only one oversight board appointed as follows:

(1) One member may be appointed by the county board of supervisors.

(2) One member may be appointed by the city selection committee established pursuant to Section 50270 of the Government Code. In a city and county, the mayor may appoint one member.

(3) One member may be appointed by the independent special district selection committee established pursuant to Section 56332 of the Government Code, for the types of special districts that are eligible to receive property tax revenues pursuant to Section 34188.

(4) One member may be appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.

(5) One member may be appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.

(6) One member of the public may be appointed by the county board of supervisors.

(7) One member may be appointed by the recognized employee organization representing the largest number of successor agency employees in the county.
(k) The Governor may appoint individuals to fill any oversight board member position described in subdivision (j) that has not been filled by July 15, 2016, or any member position that remains vacant for more than 60 days.

(f) Commencing on and after July 1, 2016, in each county where only one oversight board was created by operation of the act adding this part, then there will be no change to the composition of that oversight board as a result of the operation of subdivision (b).

(m) Any oversight board for a given successor agency shall cease to exist when all of the indebtedness of the dissolved redevelopment agency has been repaid.

(n) An oversight board may direct a successor agency to provide additional legal or financial advice than what was given by agency staff.

(o) An oversight board is authorized to contract with the county or other public or private agencies for administrative support.

(p) On matters within the purview of the oversight board, decisions made by the oversight board supersede those made by the successor agency or the staff of the successor agency.

SEC. 2. Section 34191.4 of the Health and Safety Code is amended to read:

34191.4. The following provisions shall apply to any successor agency that has been issued a finding of completion by the Department of Finance:

(a) All real property and interests in real property identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5 shall be transferred to the Community Redevelopment Property Trust Fund of the successor agency upon approval by the Department of Finance of the long-range property management plan submitted by the successor agency pursuant to subdivision (b) of Section 34191.5 unless that property is subject to the requirements of any existing enforceable obligation.

(b) (1) Notwithstanding subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.
If the oversight board finds that the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund. The annual loan repayments provided for in the recognized obligation payment schedules shall be subject to all of the following limitations:

(A) Loan repayments shall not be made prior to the 2013–14 fiscal year. Beginning in the 2013–14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this subdivision and paragraph (7) of subdivision (e) of Section 34176 combined shall be equal to one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012–13 base year, provided, however, that calculation of the amount distributed to taxing entities during the 2012–13 base year shall not include any amounts distributed to taxing entities pursuant to the due diligence review process established in Sections 34179.5 to 34179.8, inclusive.

(B) Repayments received by the city, county, or city and county that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund and shall be distributed to the Low and Moderate Income Housing Asset Fund established by subdivision (d) of Section 34176.

(C) Twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund, after all outstanding loans from the Low and Moderate Income Housing
Fund for purposes of the Supplemental Educational Revenue Augmentation Fund have been paid.

(c) (1) Bond proceeds derived from bonds issued on or before December 31, 2010, shall be used for the purposes for which the bonds were sold.

(2) (A) Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds in excess of the amounts needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

(B) If remaining bond proceeds cannot be spent in a manner consistent with the bond covenants pursuant to subparagraph (A), the proceeds shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

(d) Notwithstanding subdivision (b) of Section 34163, if a successor agency has received a finding of completion, with the approval of the successor agency’s oversight board, the successor agency may amend or modify existing contracts and agreements; or otherwise administer projects in connection with enforceable obligations approved pursuant to subdivision (m) of Section 34177, including the substitution of private developer capital in a disposition and development agreement that has been deemed an enforceable obligation, if the contract, agreement, or project will not commit new property tax funds, and will not otherwise directly or indirectly reduce property tax revenues or payments made pursuant to paragraph (4) of subdivision (a) of Section 34183 to the taxing agencies.

SEC. 3. Section 34191.5 of the Health and Safety Code is amended to read:

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment
agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.

(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

(F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

(H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181; the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With
respect to the use or disposition of all other properties, all of the following shall apply:

(A) (i) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(ii) For purposes of this subparagraph, the term “identified in an approved redevelopment plan” includes properties listed in a community plan or a five-year implementation plan.

(iii) The department or an oversight board may require approval of a compensation agreement or agreements, as described in subdivision (f) of Section 34180, prior to any transfer of property pursuant to this subparagraph, provided, however, that—a compensation agreement or agreements may be developed and executed subsequent to the approval process of a long-range property management plan.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

(d) The department shall only consider whether the long-range property management plan makes a good faith effort to address the requirements set forth in subdivision (c).

(e) The department shall approve long-range property management plans as expeditiously as possible.

(f) Actions relating to the disposition of property after approval of a long-range property management plan shall not require review by the department.
Assembly Bill 806, as amended 7-13-15, would exempt strand-mounted antennas used for the provision of video, voice, or data service from additional permitting requirements as long as those strand-mounted antennas are attached to communications infrastructure constructed in accordance with state or local permitting requirements.

The increased bureaucracy of requiring additional permits for Wi-Fi attachments to permitted broadband infrastructure (strands of cable) would slow or stop the installation of tens of thousands of future Wi-Fi cable hotspots planned for deployment and would not provide any greater level of safety – at the very time California is looking to Wi-Fi to enhance public safety.

Wi-Fi is a technological innovation that has vastly enhanced the ability of the public to send and receive information. The California Legislature has recognized that Wi-Fi is an essential part of our developing public safety broadband network that will include text-to-911 and other Next-Gen 911 capabilities.

In the event of catastrophic events, the availability of universal Wi-Fi provides additional opportunities for emergency response authorities to communicate with residents/citizens.

As a recent example, following the 2014
Napa-Sonoma earthquake, Comcast opened its Xfinity Wi-Fi network for free to non-customers in Napa, Vallejo, Fairfield, Saint Helena and other North Bay communities to help residents and emergency crews recover from the earthquake.

In another example, during last year’s San Diego County fires, Cox Communications provided wireless and wired connectivity to the Cal Fire assembly area around Lake O’Neil on Camp Pendleton.

Wi-Fi and connected devices are growing at an explosive rate, inside the home and outside, enriching our digital connection. In 2014, more data was carried over Wi-Fi in the United States than any other platform. In fact, 64 percent of mobile users connect to Wi-Fi networks outside of their home at least once a day. It is estimated that by 2017, the average person will have five Wi-Fi devices. Nationally, the cable industry has built more than 400,000 out-of-home public Wi-Fi hotspots.

**Existing Law**

The California Constitution allows a city to "make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws, known as the police power of cities." It is from this fundamental power that local governments derive their authority to regulate land through planning, zoning, and building ordinances, thereby protecting public health, safety and welfare.

**Existing law:**

- Prohibits a city or county from unreasonably limiting the duration of any permit for a wireless telecommunications facility. (Government Code 65964).

- Prohibits a city or county from requiring that all wireless telecommunications facilities be limited to sites owned by particular parties within the jurisdiction of the city or county. (Government Code 65964)

The Federal Communications Commission (FCC) has primary regulatory authority over the video, voice and data services provided by the cable industry. However, cable and video providers are also required to obtain a state or local franchise to provide video service and pay significant fees and taxes to access the public right-of-way.

Cable operators must also obtain and pay local government encroachment permits for the initial installation of overhead and underground facilities place on or in regulated or municipal utility infrastructure.

To ensure that telephone companies, electric utilities and local governments would not stifle the growth of the then-fledgling cable television industry by charging excessive rates for essential pole

FOR MORE INFORMATION – Contact Les Spahnn, Office of Assemblymember Bill Dodd (916) 319-2004
attachments, Congress enacted the Pole Attachment Act of 1978 (Act). In California, the Legislature and the Public Utilities Commission require regulated utilities to grant the cable industry access to their utility poles and to set the rates, terms, and conditions for that access.

In 2011, the Legislature extended comparable requirements on California municipal utilities. Also, in 2011, the FCC reformed its pole attachment rules to "streamline access and reduce costs for attaching broadband lines and wireless antennas to utility poles.

While federal and state law provides for cable attachments to utility infrastructure, these attachments must also comply with the safety standards set by the California Public Utilities Commissions’ (CPUC) General Order (GO) 95 (overhead pole attachment) including GO 95, Rule 94 (antennas) and General Order 128 (underground attachments).

**Support**

Calif. Cable and Telecommunications Association
Charter Communications
Comcast
Cox Communications
Time Warner Cable

**Opposition**

**Contact**

Les Spahnn: Leslie.Spahnn@asm.ca.gov; 916-319-2004

**This Bill**

AB 806 would prevent unnecessary barriers to expediting the deployment of broadband via Wi-Fi by providing that antennas used for the provision of video, voice or data service that are attached to communications facilities (strands of cable) constructed in accordance with state or local government permitting requirements, shall be exempt from additional permitting requirements.

**FOR MORE INFORMATION** – Contact Les Spahnn, Office of Assemblymember Bill Dodd (916) 319-2004
An act to amend Sections 12206, 17058, and 23610.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL’S DIGEST


Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, personal income, and corporation income tax credit amounts among low-income housing projects based on federal law. Existing law, in modified conformity to federal income tax law, allows the credit based upon the applicable percentage, as defined, of the qualified basis of each qualified low-income building. Existing law limits the total annual amount of the credit that the committee may allocate to $70 million per year, as specified.
This bill, for calendar years beginning 2015, 2016, would increase the aggregate housing credit dollar amount that may be allocated among low-income housing projects by $300,000,000, as specified. The bill, under the insurance taxation law, the Personal Income Tax Law, and the Corporation Tax Law, would modify the definition of applicable percentage relating to qualified low-income buildings that meet specified criteria.

This bill would take effect immediately as a tax levy.


The people of the State of California do enact as follows:

SECTION 1. Section 12206 of the Revenue and Taxation Code is amended to read:

12206. (a) (1) There shall be allowed as a credit against the “tax,” as described by Section 12201, a state low-income housing tax credit in an amount equal to the amount determined in subdivision (c), computed in accordance with Section 42 of the Internal Revenue Code except as otherwise provided in this section.

(2) “Taxpayer,” for purposes of this section, means the sole owner in the case of a “C” corporation, the partners in the case of a partnership, members in the case of a limited liability company, and the shareholders in the case of an “S” corporation.

(3) “Housing sponsor,” for purposes of this section, means the sole owner in the case of a “C” corporation, the partnership in the case of a partnership, the limited liability company in the case of a limited liability company, and the “S” corporation in the case of an “S” corporation.

(4) “Extremely low-income” has the same meaning as in Section 50053 of the Health and Safety Code.

(5) “Rural area” means a rural area as defined in Section 50199.21 of the Health and Safety Code.

(6) “Special needs housing” has the meaning as in paragraph (4) of subdivision (g) of Section 10325 of Title 4 of the California Code of Regulations.

(7) “SRO” means single room occupancy.

(8) “Very low-income” has the same meaning as in Section 50053 of the Health and Safety Code. Code.
The amount of the credit allocated to any housing sponsor shall be authorized by the California Tax Credit Allocation Committee, or any successor thereof, based on a project’s need for the credit for economic feasibility in accordance with the requirements of this section.

(A) Except for projects to provide farmworker housing, as defined in subdivision (h) of Section 50199.7 of the Health and Safety Code, that are allocated credits solely under the set-aside described in subdivision (c) of Section 50199.20 of the Health and Safety Code, the low-income housing project shall be located in California and shall meet either of the following requirements:

(i) The project’s housing sponsor has been allocated by the California Tax Credit Allocation Committee a credit for federal income tax purposes under Section 42 of the Internal Revenue Code.

(ii) It qualifies for a credit under Section 42(h)(4)(B) of the Internal Revenue Code.

(B) The California Tax Credit Allocation Committee shall not require fees for the credit under this section in addition to those fees required for applications for the tax credit pursuant to Section 42 of the Internal Revenue Code. The committee may require a fee if the application for the credit under this section is submitted in a calendar year after the year the application is submitted for the federal tax credit.

(C) (i) For a project that receives a preliminary reservation of the state low-income housing tax credit, allowed pursuant to subdivision (a), on or after January 1, 2009, and before January 1, 2016, the credit shall be allocated to the partners of a partnership owning the project in accordance with the partnership agreement, regardless of how the federal low-income housing tax credit with respect to the project is allocated to the partners, or whether the allocation of the credit under the terms of the agreement has substantial economic effect, within the meaning of Section 704(b) of the Internal Revenue Code.

(ii) This subparagraph shall not apply to a project that receives a preliminary reservation of state low-income housing tax credits under the set-aside described in subdivision (c) of Section 50199.20 of the Health and Safety Code unless the project also receives a preliminary reservation of federal low-income housing tax credits.
(iii) This subparagraph shall cease to be operative with respect
to any project that receives a preliminary reservation of a credit
on or after January 1, 2016.

(2) (A) The California Tax Credit Allocation Committee shall
certify to the housing sponsor the amount of tax credit under this
section allocated to the housing sponsor for each credit period.

(B) In the case of a partnership or an “S” corporation, the
housing sponsor shall provide a copy of the California Tax Credit
Allocation Committee certification to the taxpayer.

(C) The taxpayer shall attach a copy of the certification to any
return upon which a tax credit is claimed under this section.

(D) In the case of a failure to attach a copy of the certification
for the year to the return in which a tax credit is claimed under this
section, no credit under this section shall be allowed for that year
until a copy of that certification is provided.

(E) All elections made by the taxpayer pursuant to Section 42
of the Internal Revenue Code shall apply to this section.

(F) (i) The California Tax Credit Allocation Committee may
allocate a credit under this section in exchange for a credit allocated
pursuant to Section 42(d)(5)(B) of the Internal Revenue Code in
amounts up to 30 percent of the eligible basis of a building if the
credits allowed under Section 42 of the Internal Revenue Code are
reduced by an equivalent amount.

(ii) An equivalent amount shall be determined by the California
Tax Credit Allocation Committee based upon the relative amount
required to produce an equivalent state tax credit to the taxpayer.

(c) Section 42(b) of the Internal Revenue Code shall be modified
as follows:

(1) In the case of any qualified low-income building that is a
new building, as defined in Section 42 of the Internal
Revenue Code and the regulations promulgated thereunder, and
not federally subsidized, the term “applicable percentage” means
the following:

(A) For each of the first three years, the percentage prescribed
by the Secretary of the Treasury for new buildings that are not
federally subsidized for the taxable year, determined in accordance
with the requirements of Section 42(b)(1) of the Internal Revenue
Code in lieu of the percentage prescribed in Section 42(b)(1)(A)
of the Internal Revenue Code.
(B) For the fourth year, the difference between 30 percent and the sum of the applicable percentages for the first three years.

(2) In the case of any qualified low-income building that (i) is a new building, as defined in Section 42 of the Internal Revenue Code and the regulations promulgated thereunder; (ii) not located in designated difficult development areas (DDAs) or qualified census tracts (QCTs), as defined in Section 42(d)(5)(B) of the Internal Revenue Code, and (iii) is federally subsidized, the term “applicable percentage” means for the first three years, 15 percent of the qualified basis of the building, and for the fourth year, 5 percent of the qualified basis of the building.

(3) In the case of any qualified low-income building that is (i) an existing building, as defined in Section 42 of the Internal Revenue Code and the regulations promulgated thereunder; (ii) not located in designated difficult development areas (DDAs) or qualified census tracts (QCTs), as defined in Section 42(d)(5)(B) of the Internal Revenue Code, and (iii) is federally subsidized, the term applicable percentage means the following:

(A) For each of the first three years, the percentage prescribed by the Secretary of the Treasury for new buildings that are federally subsidized for the taxable year.

(B) For the fourth year, the difference between 13 percent and the sum of the applicable percentages for the first three years.

(4) In the case of any qualified low-income building that is (i) a new or an existing building, (ii) located in designated difficult development areas (DDAs) or qualified census tracts (QCTs) as defined in Section 42(d)(5)(B) of the Internal Revenue Code, and (iii) federally subsidized, the California Tax Credit Allocation Committee shall determine reduce the amount of California credit to be allocated under subdivision (F) of paragraph (2) of subdivision (b) required to produce an equivalent state tax credit to the taxpayer, as produced in paragraph (2), paragraph (2) and (3) by taking into account the increased federal credit received due to the basis boost provided under Section 42(d)(5)(B) of the Internal Revenue Code.

(5) In the case of any qualified low-income building that meets all of the requirements of subparagraphs (A) through (D), inclusive, the term “applicable percentage” means 30 percent for each of the first three years and 5 percent for the fourth year. A qualified
low-income building receiving an allocation under this paragraph is ineligible to also receive an allocation under paragraph (3).

(A) The qualified low-income building is at least 15 years old.

(B) The qualified low-income building is a SRO, special needs housing, is in a rural area, or serves households with very low-income or extremely low-income residents.

(C) The qualified low-income building is serving households of very low-income or extremely low-income provided that the average income at time admission is not more than 45 percent of the median gross income, as determined under Section 42 of the Internal Revenue Code, adjusted by household size.

(B) The qualified low-income building is serving households of very low-income or extremely low-income such that the average maximum household income as restricted, pursuant to an existing regulatory agreement with a federal, state, county, local, or other governmental agency, is not more than 45 percent of the area median gross income, as determined under Section 42 of the Internal Revenue Code, adjusted by household size, and a tax credit regulatory agreement is entered into for a period of not less than 55 years restricting the average targeted household income to no more than 45 percent of the area median income.

(D) The qualified low-income building would have insufficient credits under paragraphs (1) and (2) and (3) to complete substantial rehabilitation due to a low appraised value.

(D) The qualified low-income building will complete the substantial rehabilitation in connection with the credit allocation herein.

(d) The term “qualified low-income housing project” as defined in Section 42(c)(2) of the Internal Revenue Code is modified by adding the following requirements:

(1) The taxpayer shall be entitled to receive a cash distribution from the operations of the project, after funding required reserves, that, at the election of the taxpayer, is equal to:

(A) An amount not to exceed 8 percent of the lesser of:

(i) The owner equity that shall include the amount of the capital contributions actually paid to the housing sponsor and shall not include any amounts until they are paid on an investor note.

(ii) Twenty percent of the adjusted basis of the building as of the close of the first taxable year of the credit period.
(B) The amount of the cashflow from those units in the building that are not low-income units. For purposes of computing cashflow under this subparagraph, operating costs shall be allocated to the low-income units using the “floor space fraction,” as defined in Section 42 of the Internal Revenue Code.

(C) Any amount allowed to be distributed under subparagraph (A) that is not available for distribution during the first five years of the compliance period may be accumulated and distributed any time during the first 15 years of the compliance period but not thereafter.

(2) The limitation on return shall apply in the aggregate to the partners if the housing sponsor is a partnership and in the aggregate to the shareholders if the housing sponsor is an “S” corporation.

(3) The housing sponsor shall apply any cash available for distribution in excess of the amount eligible to be distributed under paragraph (1) to reduce the rent on rent-restricted units or to increase the number of rent-restricted units subject to the tests of Section 42(g)(1) of the Internal Revenue Code.

(e) The provisions of Section 42(f) of the Internal Revenue Code shall be modified as follows:

(1) The term “credit period” as defined in Section 42(f)(1) of the Internal Revenue Code is modified by substituting “four taxable years” for “10 taxable years.”

(2) The special rule for the first taxable year of the credit period under Section 42(f)(2) of the Internal Revenue Code shall not apply to the tax credit under this section.

(3) Section 42(f)(3) of the Internal Revenue Code is modified to read:

If, as of the close of any taxable year in the compliance period, after the first year of the credit period, the qualified basis of any building exceeds the qualified basis of that building as of the close of the first year of the credit period, the housing sponsor, to the extent of its tax credit allocation, shall be eligible for a credit on the excess in an amount equal to the applicable percentage determined pursuant to subdivision (c) for the four-year period beginning with the taxable year in which the increase in qualified basis occurs.

(f) The provisions of Section 42(h) of the Internal Revenue Code shall be modified as follows:
(1) Section 42(h)(2) of the Internal Revenue Code shall not be applicable and instead the following provisions shall be applicable:

The total amount for the four-year credit period of the housing credit dollars allocated in a calendar year to any building shall reduce the aggregate housing credit dollar amount of the California Tax Credit Allocation Committee for the calendar year in which the allocation is made.

(2) Paragraphs (3), (4), (5), (6)(E)(i)(II), (6)(F), (6)(G), (6)(I), (7), and (8) of Section 42(h) of the Internal Revenue Code shall not be applicable.

(g) The aggregate housing credit dollar amount that may be allocated annually by the California Tax Credit Allocation Committee pursuant to this section, Section 17058, and Section 23610.5 shall be an amount equal to the sum of all the following:

(1) (A) Seventy million dollars ($70,000,000) for the 2001 calendar year, and, for the 2002 calendar year and each calendar year thereafter, seventy million dollars ($70,000,000) increased by the percentage, if any, by which the Consumer Price Index for the preceding calendar year exceeds the Consumer Price Index for the 2001 calendar year. For the purposes of this paragraph, the term “Consumer Price Index” means the last Consumer Price Index for All Urban Consumers published by the federal Department of Labor.

(B) An additional three hundred million dollars ($300,000,000) for the 2015 calendar year, and, for the 2016 calendar year and each calendar year thereafter, three hundred million dollars ($300,000,000) increased by the percentage, if any, by which the Consumer Price Index for the preceding calendar year exceeds the Consumer Price Index for the 2015 calendar year. For the purposes of this paragraph, the term “Consumer Price Index” means the last Consumer Price Index for All Urban Consumers published by the federal Department of Labor. A housing sponsor receiving an allocation under paragraph (1) of subdivision (c) shall not be eligible for receipt of the housing credit allocated from the increased amount under this subparagraph. A housing sponsor receiving an allocation under paragraph (1) of subdivision (c) shall remain eligible for receipt of the housing credit allocated from the credit ceiling amount under subparagraph (A).
(2) The unused housing credit ceiling, if any, for the preceding calendar years.

(3) The amount of housing credit ceiling returned in the calendar year. For purposes of this paragraph, the amount of housing credit dollar amount returned in the calendar year equals the housing credit dollar amount previously allocated to any project that does not become a qualified low-income housing project within the period required by this section or to any project with respect to which an allocation is canceled by mutual consent of the California Tax Credit Allocation Committee and the allocation recipient.

(4) Five hundred thousand dollars ($500,000) per calendar year for projects to provide farmworker housing, as defined in subdivision (h) of Section 50199.7 of the Health and Safety Code.

(5) The amount of any unallocated or returned credits under former Sections 17053.14, 23608.2, and 23608.3, as those sections read prior to January 1, 2009, until fully exhausted for projects to provide farmworker housing, as defined in subdivision (h) of Section 50199.7 of the Health and Safety Code.

(h) The term “compliance period” as defined in Section 42(i)(1) of the Internal Revenue Code is modified to mean, with respect to any building, the period of 30 consecutive taxable years beginning with the first taxable year of the credit period with respect thereto.

(i) (1) Section 42(j) of the Internal Revenue Code shall not be applicable and the provisions in paragraph (2) shall be substituted in its place.

(2) The requirements of this section shall be set forth in a regulatory agreement between the California Tax Credit Allocation Committee and the housing sponsor, and the regulatory agreement shall be subordinated, when required, to any lien or encumbrance of any banks or other institutional lenders to the project. The regulatory agreement entered into pursuant to subdivision (f) of Section 50199.14 of the Health and Safety Code, shall apply, provided that the agreement includes all of the following provisions:

(A) A term not less than the compliance period.

(B) A requirement that the agreement be recorded in the official records of the county in which the qualified low-income housing project is located.
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(C) A provision stating which state and local agencies can enforce the regulatory agreement in the event the housing sponsor fails to satisfy any of the requirements of this section.

(D) A provision that the regulatory agreement shall be deemed a contract enforceable by tenants as third-party beneficiaries thereto and that allows individuals, whether prospective, present, or former occupants of the building, who meet the income limitation applicable to the building, the right to enforce the regulatory agreement in any state court.

(E) A provision incorporating the requirements of Section 42 of the Internal Revenue Code as modified by this section.

(F) A requirement that the housing sponsor notify the California Tax Credit Allocation Committee or its designee and the local agency that can enforce the regulatory agreement if there is a determination by the Internal Revenue Service that the project is not in compliance with Section 42(g) of the Internal Revenue Code.

(G) A requirement that the housing sponsor, as security for the performance of the housing sponsor’s obligations under the regulatory agreement, assign the housing sponsor’s interest in rents that it receives from the project, provided that until there is a default under the regulatory agreement, the housing sponsor is entitled to collect and retain the rents.

(H) The remedies available in the event of a default under the regulatory agreement that is not cured within a reasonable cure period, include, but are not limited to, allowing any of the parties designated to enforce the regulatory agreement to collect all rents with respect to the project; taking possession of the project and operating the project in accordance with the regulatory agreement until the enforcer determines the housing sponsor is in a position to operate the project in accordance with the regulatory agreement; applying to any court for specific performance; securing the appointment of a receiver to operate the project; or any other relief as may be appropriate.

(j) (1) The committee shall allocate the housing credit on a regular basis consisting of two or more periods in each calendar year during which applications may be filed and considered. The committee shall establish application filing deadlines, the maximum percentage of federal and state low-income housing tax credit ceiling that may be allocated by the committee in that period, and the approximate date on which allocations shall be made. If the
enactment of federal or state law, the adoption of rules or
regulations, or other similar events prevent the use of two allocation
periods, the committee may reduce the number of periods and
adjust the filing deadlines, maximum percentage of credit allocated,
and allocation dates.

(2) The committee shall adopt a qualified allocation plan, as
provided in Section 42(m)(1) of the Internal Revenue Code. In
adopting this plan, the committee shall comply with the provisions
of Sections 42(m)(1)(B) and 42(m)(1)(C) of the Internal Revenue
Code, respectively.

(3) Notwithstanding Section 42(m) of the Internal Revenue
Code the California Tax Credit Allocation Committee shall allocate
housing credits in accordance with the qualified allocation plan
and regulations, which shall include the following provisions:

(A) All housing sponsors, as defined by paragraph (3) of
subdivision (a), shall demonstrate at the time the application is
filed with the committee that the project meets the following
threshold requirements:

(i) The housing sponsor shall demonstrate there is a need and
demand for low-income housing in the community or region for
which it is proposed.

(ii) The project’s proposed financing, including tax credit
proceeds, shall be sufficient to complete the project and that the
proposed operating income shall be adequate to operate the project
for the extended use period.

(iii) The project shall have enforceable financing commitments,
either construction or permanent financing, for at least 50 percent
of the total estimated financing of the project.

(iv) The housing sponsor shall have and maintain control of the
site for the project.

(v) The housing sponsor shall demonstrate that the project
complies with all applicable local land use and zoning ordinances.

(vi) The housing sponsor shall demonstrate that the project
development team has the experience and the financial capacity
to ensure project completion and operation for the extended use
period.

(vii) The housing sponsor shall demonstrate the amount of tax
credit that is necessary for the financial feasibility of the project
and its viability as a qualified low-income housing project
throughout the extended use period, taking into account operating
expenses, a supportable debt service, reserves, funds set aside for rental subsidies, and required equity, and a development fee that does not exceed a specified percentage of the eligible basis of the project prior to inclusion of the development fee in the eligible basis, as determined by the committee.

(B) The committee shall give a preference to those projects satisfying all of the threshold requirements of subparagraph (A) if both of the following apply:
(i) The project serves the lowest income tenants at rents affordable to those tenants.
(ii) The project is obligated to serve qualified tenants for the longest period.

(C) In addition to the provisions of subparagraphs (A) and (B), the committee shall use the following criteria in allocating housing credits:
(i) Projects serving large families in which a substantial number, as defined by the committee, of all residential units are low-income units with three and or more bedrooms.
(ii) Projects providing single-room occupancy units serving very low income tenants.
(iii) (I) Existing projects that are “at risk of conversion.”
(II) For purposes of this section, the term “at risk of conversion,” with respect to an existing property means a property that satisfies all of the following criteria:
(ia) The property is a multifamily rental housing development in which at least 50 percent of the units receive governmental assistance pursuant to any of the following:
(la) New construction, substantial rehabilitation, moderate rehabilitation, property disposition, and loan management set-aside programs, or any other program providing project-based assistance pursuant to Section 8 of the United States Housing Act of 1937, Section 1437f of Title 42 of the United States Code, as amended.
(lb) The Below-Market-Interest-Rate Program pursuant to Section 221(d)(3) of the National Housing Act, Sections 1715(d)(3) and (5) of Title 12 of the United States Code.
(lc) Section 236 of the National Housing Act, Section 1715z-1 of Title 12 of the United States Code.
(ld) Programs for rent supplement assistance pursuant to Section 18 101 of the Housing and Urban Development Act of 1965, Section 1701s of Title 12 of the United States Code, as amended.
Programs pursuant to Section 515 of the Housing Act of 1949, Section 1485 of Title 42 of the United States Code, as amended.

The low-income housing credit program set forth in Section 42 of the Internal Revenue Code.

The restrictions on rent and income levels will terminate or the federal insured mortgage on the property is eligible for prepayment any time within five years before or after the date of application to the California Tax Credit Allocation Committee.

The entity acquiring the property enters into a regulatory agreement that requires the property to be operated in accordance with the requirements of this section for a period equal to the greater of 55 years or the life of the property.

The property satisfies the requirements of Section 42(e) of the Internal Revenue Code, regarding rehabilitation expenditures except that the provisions of Section 42(e)(3)(A)(ii)(I) shall not apply.

Projects for which a public agency provides direct or indirect long-term financial support for at least 15 percent of the total project development costs or projects for which the owner’s equity constitutes at least 30 percent of the total project development costs.

Projects that provide tenant amenities not generally available to residents of low-income housing projects.

For purposes of allocating credits pursuant to this section, the committee shall not give preference to any project by virtue of the date of submission of its application except to break a tie when two or more of the projects have an equal rating.

Section 42(l) of the Internal Revenue Code shall be modified as follows:

The term “secretary” shall be replaced by the term “California Franchise Tax Board.”

In the case where the credit allowed under this section exceeds the “tax,” the excess may be carried over to reduce the “tax” in the following year, and succeeding years if necessary, until the credit has been exhausted.

The provisions of Section 11407(a) of Public Law 101-508, relating to the effective date of the extension of the low-income housing credit, shall apply to calendar years after 1993.
(n) The provisions of Section 11407(c) of Public Law 101-508, relating to election to accelerate credit, shall not apply.

(o) This section shall remain in effect for as long as Section 42 of the Internal Revenue Code, relating to low-income housing credit, remains in effect.

SEC. 2. Section 17058 of the Revenue and Taxation Code is amended to read:

17058. (a) (1) There shall be allowed as a credit against the “net tax,” as defined in Section 17039, a state low-income housing tax credit in an amount equal to the amount determined in subdivision (c), computed in accordance with Section 42 of the Internal Revenue Code except as otherwise provided in this section.

(2) “Taxpayer” for purposes of this section means the sole owner in the case of an individual, the partners in the case of a partnership, members in the case of a limited liability company, and the shareholders in the case of an “S” corporation.

(3) “Housing sponsor” for purposes of this section means the sole owner in the case of an individual, the partnership in the case of a partnership, the limited liability company in the case of a limited liability company, and the “S” corporation in the case of an “S” corporation.

(4) “Extremely low-income” has the same meaning as in Section 50053 of the Health and Safety Code.

(5) “Rural area” means a rural area as defined in Section 50199.21 of the Health and Safety Code.

(6) “Special needs housing” has the meaning as in paragraph (4) of subdivision (g) of Section 10325 of Title 4 of the California Code of Regulations.

(7) “SRO” means single room occupancy.

(b) (1) The amount of the credit allocated to any housing sponsor shall be authorized by the California Tax Credit Allocation Committee, or any successor thereof, based on a project’s need for the credit for economic feasibility in accordance with the requirements of this section.

(A) The low-income housing project shall be located in California and shall meet either of the following requirements:
(i) Except for projects to provide farmworker housing, as defined in subdivision (h) of Section 50199.7 of the Health and Safety Code, that are allocated credits solely under the set-aside described in subdivision (c) of Section 50199.20 of the Health and Safety Code, the project’s housing sponsor has been allocated by the California Tax Credit Allocation Committee a credit for federal income tax purposes under Section 42 of the Internal Revenue Code.

(ii) It qualifies for a credit under Section 42(h)(4)(B) of the Internal Revenue Code.

(B) The California Tax Credit Allocation Committee shall not require fees for the credit under this section in addition to those fees required for applications for the tax credit pursuant to Section 42 of the Internal Revenue Code. The committee may require a fee if the application for the credit under this section is submitted in a calendar year after the year the application is submitted for the federal tax credit.

(C) (i) For a project that receives a preliminary reservation of the state low-income housing tax credit, allowed pursuant to subdivision (a), on or after January 1, 2009, and before January 1, 2016, the credit shall be allocated to the partners of a partnership owning the project in accordance with the partnership agreement, regardless of how the federal low-income housing tax credit with respect to the project is allocated to the partners, or whether the allocation of the credit under the terms of the agreement has substantial economic effect, within the meaning of Section 704(b) of the Internal Revenue Code.

(ii) To the extent the allocation of the credit to a partner under this section lacks substantial economic effect, any loss or deduction otherwise allowable under this part that is attributable to the sale or other disposition of that partner’s partnership interest made prior to the expiration of the federal credit shall not be allowed in the taxable year in which the sale or other disposition occurs, but shall instead be deferred until and treated as if it occurred in the first taxable year immediately following the taxable year in which the federal credit period expires for the project described in clause (i).

(iii) This subparagraph shall not apply to a project that receives a preliminary reservation of state low-income housing tax credits under the set-aside described in subdivision (c) of Section 50199.20
of the Health and Safety Code unless the project also receives a preliminary reservation of federal low-income housing tax credits.

(iv) This subparagraph shall cease to be operative with respect to any project that receives a preliminary reservation of a credit on or after January 1, 2016.

(2) (A) The California Tax Credit Allocation Committee shall certify to the housing sponsor the amount of tax credit under this section allocated to the housing sponsor for each credit period.

(B) In the case of a partnership, limited liability company, or an “S” corporation, the housing sponsor shall provide a copy of the California Tax Credit Allocation Committee certification to the taxpayer.

(C) The taxpayer shall, upon request, provide a copy of the certification to the Franchise Tax Board.

(D) All elections made by the taxpayer pursuant to Section 42 of the Internal Revenue Code shall apply to this section.

(E) (i) The California Tax Credit Allocation Committee may allocate a credit under this section in exchange for a credit allocated pursuant to Section 42(d)(5)(B) of the Internal Revenue Code in amounts up to 30 percent of the eligible basis of a building if the credits allowed under Section 42 of the Internal Revenue Code are reduced by an equivalent amount.

(ii) An equivalent amount shall be determined by the California Tax Credit Allocation Committee based upon the relative amount required to produce an equivalent state tax credit to the taxpayer.

(c) Section 42(b) of the Internal Revenue Code shall be modified as follows:

(1) In the case of any qualified low-income building that is a new building, as defined in Section 42 of the Internal Revenue Code and the regulations promulgated thereunder, and not federally subsidized, the term “applicable percentage” means the following:

(A) For each of the first three years, the percentage prescribed by the Secretary of the Treasury for new buildings that are not federally subsidized for the taxable year, determined in accordance with the requirements of Section 42(b)(1) of the Internal Revenue Code in lieu of the percentage prescribed in Section 42(b)(1)(A) of the Internal Revenue Code.

(B) For the fourth year, the difference between 30 percent and the sum of the applicable percentages for the first three years.
(2) In the case of any qualified low-income building that (i) is a new building, as defined in Section 42 of the Internal Revenue Code and the regulations promulgated thereunder; (ii) not located in designated difficult development areas (DDAs) or qualified census tracts (QCTs), as defined in Section 42(d)(5)(B) of the Internal Revenue Code, and (iii) is federally subsidized, the term “applicable percentage” means for the first three years, 15 percent of the qualified basis of the building, and for the fourth year, 5 percent of the qualified basis of the building.

(3) In the case of any qualified low-income building that is (i) an existing building, as defined in Section 42 of the Internal Revenue Code and the regulations promulgated thereunder; (ii) not located in designated difficult development areas (DDAs) or qualified census tracts (QCTs), as defined in Section 42(d)(5)(B) of the Internal Revenue Code, and (iii) is federally subsidized, the term applicable percentage means the following:

(A) For each of the first three years, the percentage prescribed by the Secretary of the Treasury for new buildings that are federally subsidized for the taxable year.

(B) For the fourth year, the difference between 13 percent and the sum of the applicable percentages for the first three years.

(4) In the case of any qualified low-income building that is (i) a new or an existing building, (ii) located in designated difficult development areas (DDAs) or qualified census tracts (QCTs) as defined in Section 42(d)(5)(B) of the Internal Revenue Code, and (iii) federally subsidized, the California Tax Credit Allocation Committee shall determine the amount of California credit to be allocated under subdivision (b) required to produce an equivalent state tax credit to the taxpayer, as produced in paragraph (2), subdivision (b) and (3) by taking into account the increased federal credit received due to the basis boost provided under Section 42(d)(5)(B) of the Internal Revenue Code.

(5) In the case of any qualified low-income building that meets all of the requirements of subparagraphs (A) through (D), inclusive, the term “applicable percentage” means 30 percent for each of the first three years and 5 percent for the fourth year. A qualified low-income building receiving an allocation under this paragraph is ineligible to also receive an allocation under paragraph (3).

(A) The qualified low-income building is at least 15 years old.
(B) The qualified low-income building is a SRO, special needs housing, is in a rural area, or serves households with very low income or extremely low income residents.

(C) The qualified low-income building is serving households of very low-income or extremely low-income provided that the average income at time admission is not more than 45 percent of the median gross income, as determined under Section 42 of the Internal Revenue Code, adjusted by household size.

(D) The qualified low-income building is serving households of very low-income or extremely low-income such that the average maximum household income as restricted, pursuant to an existing regulatory agreement with a federal, state, county, local, or other governmental agency, is not more than 45 percent of the area median gross income, as determined under Section 42 of the Internal Revenue Code, adjusted by household size, and a tax credit regulatory agreement is entered into for a period of not less than 55 years restricting the average targeted household income to no more than 45 percent of the area median income.

(C) The qualified low-income building would have insufficient credits under paragraphs (1) and (2) and (3) to complete substantial rehabilitation due to a low appraised value.

(D) The qualified low-income building will complete the substantial rehabilitation in connection with the credit allocation herein.

(d) The term “qualified low-income housing project” as defined in Section 42(c)(2) of the Internal Revenue Code is modified by adding the following requirements:

(1) The taxpayer shall be entitled to receive a cash distribution from the operations of the project, after funding required reserves, that, at the election of the taxpayer, is equal to:

(A) An amount not to exceed 8 percent of the lesser of:

(i) The owner equity that shall include the amount of the capital contributions actually paid to the housing sponsor and shall not include any amounts until they are paid on an investor note.

(ii) Twenty percent of the adjusted basis of the building as of the close of the first taxable year of the credit period.

(B) The amount of the cashflow from those units in the building that are not low-income units. For purposes of computing cashflow under this subparagraph, operating costs shall be allocated to the
low-income units using the “floor space fraction,” as defined in Section 42 of the Internal Revenue Code.

(C) Any amount allowed to be distributed under subparagraph (A) that is not available for distribution during the first five years of the compliance period may be accumulated and distributed any time during the first 15 years of the compliance period but not thereafter.

(2) The limitation on return shall apply in the aggregate to the partners if the housing sponsor is a partnership and in the aggregate to the shareholders if the housing sponsor is an “S” corporation.

(3) The housing sponsor shall apply any cash available for distribution in excess of the amount eligible to be distributed under paragraph (1) to reduce the rent on rent-restricted units or to increase the number of rent-restricted units subject to the tests of Section 42(g)(1) of the Internal Revenue Code.

(e) The provisions of Section 42(f) of the Internal Revenue Code shall be modified as follows:

(1) The term “credit period” as defined in Section 42(f)(1) of the Internal Revenue Code is modified by substituting “four taxable years” for “10 taxable years.”

(2) The special rule for the first taxable year of the credit period under Section 42(f)(2) of the Internal Revenue Code shall not apply to the tax credit under this section.

(3) Section 42(f)(3) of the Internal Revenue Code is modified to read:

If, as of the close of any taxable year in the compliance period, after the first year of the credit period, the qualified basis of any building exceeds the qualified basis of that building as of the close of the first year of the credit period, the housing sponsor, to the extent of its tax credit allocation, shall be eligible for a credit on the excess in an amount equal to the applicable percentage determined pursuant to subdivision (c) for the four-year period beginning with the taxable year in which the increase in qualified basis occurs.

(f) The provisions of Section 42(h) of the Internal Revenue Code shall be modified as follows:

(1) Section 42(h)(2) of the Internal Revenue Code shall not be applicable and instead the following provisions shall be applicable:

The total amount for the four-year credit period of the housing credit dollars allocated in a calendar year to any building shall
reduce the aggregate housing credit dollar amount of the California Tax Credit Allocation Committee for the calendar year in which the allocation is made.

(2) Paragraphs (3), (4), (5), (6)(E)(i)(II), (6)(F), (6)(G), (6)(I), (7), and (8) of Section 42(h) of the Internal Revenue Code shall not be applicable.

(g) The aggregate housing credit dollar amount that may be allocated annually by the California Tax Credit Allocation Committee pursuant to this section, Section 12206, and Section 23610.5 shall be an amount equal to the sum of all the following:

(1) (A) Seventy million dollars ($70,000,000) for the 2001 calendar year, and, for the 2002 calendar year and each calendar year thereafter, seventy million dollars ($70,000,000) increased by the percentage, if any, by which the Consumer Price Index for the preceding calendar year exceeds the Consumer Price Index for the 2001 calendar year. For the purposes of this paragraph, the term “Consumer Price Index” means the last Consumer Price Index for All Urban Consumers published by the federal Department of Labor.

(B) An additional three hundred million dollars ($300,000,000) for the 2015 calendar year, and, for the 2016 calendar year and each calendar year thereafter, three hundred million dollars ($300,000,000) increased by the percentage, if any, by which the Consumer Price Index for the preceding calendar year exceeds the Consumer Price Index for the 2015 calendar year. For the purposes of this paragraph, the term “Consumer Price Index” means the last Consumer Price Index for All Urban Consumers published by the federal Department of Labor. A housing sponsor receiving an allocation under paragraph (1) of subdivision (c) shall not be eligible for receipt of the housing credit allocated from the increased amount under this subparagraph. A housing sponsor receiving an allocation under paragraph (1) of subdivision (c) shall remain eligible for receipt of the housing credit allocated from the credit ceiling amount under subparagraph (A).

(2) The unused housing credit ceiling, if any, for the preceding calendar years.

(3) The amount of housing credit ceiling returned in the calendar year. For purposes of this paragraph, the amount of housing credit dollar amount returned in the calendar year equals the housing
credit dollar amount previously allocated to any project that does
not become a qualified low-income housing project within the
period required by this section or to any project with respect to
which an allocation is canceled by mutual consent of the California
Tax Credit Allocation Committee and the allocation recipient.

(4) Five hundred thousand dollars ($500,000) per calendar year
for projects to provide farmworker housing, as defined in
subdivision (h) of Section 50199.7 of the Health and Safety Code.

(5) The amount of any unallocated or returned credits under
former Sections 17053.14, 23608.2, and 23608.3, as those sections
read prior to January 1, 2009, until fully exhausted for projects to
provide farmworker housing, as defined in subdivision (h) of
Section 50199.7 of the Health and Safety Code.

(h) The term “compliance period” as defined in Section 42(i)(1)
of the Internal Revenue Code is modified to mean, with respect to
any building, the period of 30 consecutive taxable years beginning
with the first taxable year of the credit period with respect thereto.

(i) Section 42(j) of the Internal Revenue Code shall not be
applicable and the following requirements of this section shall be
set forth in a regulatory agreement between the California Tax
Credit Allocation Committee and the housing sponsor, and the
regulatory agreement shall be subordinated, when required, to any
lien or encumbrance of any banks or other institutional lenders to
the project. The regulatory agreement entered into pursuant to
subdivision (f) of Section 50199.14 of the Health and Safety Code
shall apply, provided that the agreement includes all of the
following provisions:

(1) A term not less than the compliance period.
(2) A requirement that the agreement be recorded in the official
records of the county in which the qualified low-income housing
project is located.
(3) A provision stating which state and local agencies can
enforce the regulatory agreement in the event the housing sponsor
fails to satisfy any of the requirements of this section.
(4) A provision that the regulatory agreement shall be deemed
a contract enforceable by tenants as third-party beneficiaries thereto
and that allows individuals, whether prospective, present, or former
occupants of the building, who meet the income limitation
applicable to the building, the right to enforce the regulatory
agreement in any state court.
A provision incorporating the requirements of Section 42 of the Internal Revenue Code as modified by this section.

A requirement that the housing sponsor notify the California Tax Credit Allocation Committee or its designee if there is a determination by the Internal Revenue Service that the project is not in compliance with Section 42(g) of the Internal Revenue Code.

A requirement that the housing sponsor, as security for the performance of the housing sponsor’s obligations under the regulatory agreement, assign the housing sponsor’s interest in rents that it receives from the project, provided that until there is a default under the regulatory agreement, the housing sponsor is entitled to collect and retain the rents.

The remedies available in the event of a default under the regulatory agreement that is not cured within a reasonable cure period, include, but are not limited to, allowing any of the parties designated to enforce the regulatory agreement to collect all rents with respect to the project; taking possession of the project and operating the project in accordance with the regulatory agreement until the enforcer determines the housing sponsor is in a position to operate the project in accordance with the regulatory agreement; applying to any court for specific performance; securing the appointment of a receiver to operate the project; or any other relief as may be appropriate.

The committee shall allocate the housing credit on a regular basis consisting of two or more periods in each calendar year during which applications may be filed and considered. The committee shall establish application filing deadlines, the maximum percentage of federal and state low-income housing tax credit ceiling that may be allocated by the committee in that period, and the approximate date on which allocations shall be made. If the enactment of federal or state law, the adoption of rules or regulations, or other similar events prevent the use of two allocation periods, the committee may reduce the number of periods and adjust the filing deadlines, maximum percentage of credit allocated, and allocation dates.

The committee shall adopt a qualified allocation plan, as provided in Section 42(m)(1) of the Internal Revenue Code. In adopting this plan, the committee shall comply with the provisions of Sections 42(m)(1)(B) and 42(m)(1)(C) of the Internal Revenue Code, respectively.
(3) Notwithstanding Section 42(m) of the Internal Revenue Code the California Tax Credit Allocation Committee shall allocate housing credits in accordance with the qualified allocation plan and regulations, which shall include the following provisions:

(A) All housing sponsors, as defined by paragraph (3) of subdivision (a), shall demonstrate at the time the application is filed with the committee that the project meets the following threshold requirements:

(i) The housing sponsor shall demonstrate there is a need and demand for low-income housing in the community or region for which it is proposed.

(ii) The project’s proposed financing, including tax credit proceeds, shall be sufficient to complete the project and that the proposed operating income shall be adequate to operate the project for the extended use period.

(iii) The project shall have enforceable financing commitments, either construction or permanent financing, for at least 50 percent of the total estimated financing of the project.

(iv) The housing sponsor shall have and maintain control of the site for the project.

(v) The housing sponsor shall demonstrate that the project complies with all applicable local land use and zoning ordinances.

(vi) The housing sponsor shall demonstrate that the project development team has the experience and the financial capacity to ensure project completion and operation for the extended use period.

(vii) The housing sponsor shall demonstrate the amount of tax credit that is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the extended use period, taking into account operating expenses, a supportable debt service, reserves, funds set aside for rental subsidies and required equity, and a development fee that does not exceed a specified percentage of the eligible basis of the project prior to inclusion of the development fee in the eligible basis, as determined by the committee.

(B) The committee shall give a preference to those projects satisfying all of the threshold requirements of subparagraph (A) if both of the following apply:

(i) The project serves the lowest income tenants at rents affordable to those tenants.
(ii) The project is obligated to serve qualified tenants for the longest period.

(C) In addition to the provisions of subparagraphs (A) and (B), the committee shall use the following criteria in allocating housing credits:

(i) Projects serving large families in which a substantial number, as defined by the committee, of all residential units are low-income units with three or more bedrooms.

(ii) Projects providing single-room occupancy units serving very low income tenants.

(iii) (I) Existing projects that are “at risk of conversion.”

(II) For purposes of this section, the term “at risk of conversion,” with respect to an existing property means a property that satisfies all of the following criteria:

(ia) The property is a multifamily rental housing development in which at least 50 percent of the units receive governmental assistance pursuant to any of the following:

(ia) New construction, substantial rehabilitation, moderate rehabilitation, property disposition, and loan management set-aside programs, or any other program providing project-based assistance pursuant to Section 8 of the United States Housing Act of 1937, Section 1437f of Title 42 of the United States Code, as amended.

(ib) The Below-Market-Interest-Rate Program pursuant to Section 221(d)(3) of the National Housing Act, Sections 1715l(d)(3) and (5) of Title 12 of the United States Code.

(ic) Section 236 of the National Housing Act, Section 1715z-1 of Title 12 of the United States Code.

(id) Programs for rent supplement assistance pursuant to Section 18 101 of the Housing and Urban Development Act of 1965, Section 1701s of Title 12 of the United States Code, as amended.

(ie) Programs pursuant to Section 515 of the Housing Act of 1949, Section 1485 of Title 42 of the United States Code, as amended.

(if) The low-income housing credit program set forth in Section 42 of the Internal Revenue Code.

(ib) The restrictions on rent and income levels will terminate or the federal insured mortgage on the property is eligible for prepayment any time within five years before or after the date of application to the California Tax Credit Allocation Committee.
(ic) The entity acquiring the property enters into a regulatory agreement that requires the property to be operated in accordance with the requirements of this section for a period equal to the greater of 55 years or the life of the property.

(id) The property satisfies the requirements of Section 42(e) of the Internal Revenue Code, regarding rehabilitation expenditures except that the provisions of Section 42(e)(3)(A)(ii)(I) shall not apply.

(iv) Projects for which a public agency provides direct or indirect long-term financial support for at least 15 percent of the total project development costs or projects for which the owner’s equity constitutes at least 30 percent of the total project development costs.

(v) Projects that provide tenant amenities not generally available to residents of low-income housing projects.

(4) For purposes of allocating credits pursuant to this section, the committee shall not give preference to any project by virtue of the date of submission of its application.

(k) Section 42(l) of the Internal Revenue Code shall be modified as follows:

The term “secretary” shall be replaced by the term “California Franchise Tax Board.”

(l) In the case where the credit allowed under this section exceeds the net tax, the excess may be carried over to reduce the net tax in the following year, and succeeding taxable years, if necessary, until the credit has been exhausted.

(m) A project that received an allocation of a 1989 federal housing credit dollar amount shall be eligible to receive an allocation of a 1990 state housing credit dollar amount, subject to all of the following conditions:

(1) The project was not placed in service prior to 1990.
(2) To the extent the amendments made to this section by the Statutes of 1990 conflict with any provisions existing in this section prior to those amendments, the prior provisions of law shall prevail.
(3) Notwithstanding paragraph (2), a project applying for an allocation under this subdivision shall be subject to the requirements of paragraph (3) of subdivision (j).

(n) The credit period with respect to an allocation of credit in 1989 by the California Tax Credit Allocation Committee of which
any amount is attributable to unallocated credit from 1987 or 1988
shall not begin until after December 31, 1989.

(o) The provisions of Section 11407(a) of Public Law 101-508,
relating to the effective date of the extension of the low-income
housing credit, shall apply to calendar years after 1989.

(p) The provisions of Section 11407(c) of Public Law 101-508,
relating to election to accelerate credit, shall not apply.

(q) Any unused credit may continue to be carried forward, as
provided in subdivision (l), until the credit has been exhausted.

(r) This section shall remain in effect on and after December 1,
1990, for as long as Section 42 of the Internal Revenue Code,
relating to low-income housing credit, remains in effect.

(s) The amendments to this section made by Chapter 1222 of
the Statutes of 1993 shall apply only to taxable years beginning
on or after January 1, 1994.

SEC. 3. Section 23610.5 of the Revenue and Taxation Code
is amended to read:

23610.5. (a) (1) There shall be allowed as a credit against the
“tax,” as defined by Section 23036, a state low-income housing
tax credit in an amount equal to the amount determined in
subdivision (c), computed in accordance with Section 42 of the
Internal Revenue Code except as otherwise provided in this section.

(2) “Taxpayer,” for purposes of this section, means the sole
owner in the case of a “C” corporation, the partners in the case of
a partnership, members in the case of a limited liability company,
and the shareholders in the case of an “S” corporation.

(3) “Housing sponsor,” for purposes of this section, means the
sole owner in the case of a “C” corporation, the partnership in the
case of a partnership, the limited liability company in the case of
a limited liability company, and the “S” corporation in the case of
an “S” corporation.

(4) “Extremely low-income” has the same meaning as in Section

(5) “Rural area” means a rural area as defined in Section
50199.21 of the Health and Safety Code.

(6) “Special needs housing” has the meaning as in paragraph
(4) of subdivision (g) of Section 10325 of Title 4 of the California
Code of Regulations.

(7) “SRO” means single room occupancy.

(8)
(5) “Very low-income” has the same meaning as in Section 50053 of the Health and Safety Code.

(b) (1) The amount of the credit allocated to any housing sponsor shall be authorized by the California Tax Credit Allocation Committee, or any successor thereof, based on a project’s need for the credit for economic feasibility in accordance with the requirements of this section.

(A) The low-income housing project shall be located in California and shall meet either of the following requirements:

(i) Except for projects to provide farmworker housing, as defined in subdivision (h) of Section 50199.7 of the Health and Safety Code, that are allocated credits solely under the set-aside described in subdivision (c) of Section 50199.20 of the Health and Safety Code, the project’s housing sponsor has been allocated by the California Tax Credit Allocation Committee a credit for federal income tax purposes under Section 42 of the Internal Revenue Code.

(ii) It qualifies for a credit under Section 42(h)(4)(B) of the Internal Revenue Code.

(B) The California Tax Credit Allocation Committee shall not require fees for the credit under this section in addition to those fees required for applications for the tax credit pursuant to Section 42 of the Internal Revenue Code. The committee may require a fee if the application for the credit under this section is submitted in a calendar year after the year the application is submitted for the federal tax credit.

(C) (i) For a project that receives a preliminary reservation of the state low-income housing tax credit, allowed pursuant to subdivision (a), on or after January 1, 2009, and before January 1, 2016, the credit shall be allocated to the partners of a partnership owning the project in accordance with the partnership agreement, regardless of how the federal low-income housing tax credit with respect to the project is allocated to the partners, or whether the allocation of the credit under the terms of the agreement has substantial economic effect, within the meaning of Section 704(b) of the Internal Revenue Code.

(ii) To the extent the allocation of the credit to a partner under this section lacks substantial economic effect, any loss or deduction otherwise allowable under this part that is attributable to the sale or other disposition of that partner’s partnership interest made prior
to the expiration of the federal credit shall not be allowed in the
taxable year in which the sale or other disposition occurs, but shall
instead be deferred until and treated as if it occurred in the first
taxable year immediately following the taxable year in which the
federal credit period expires for the project described in clause (i).

(iii) This subparagraph shall not apply to a project that receives
a preliminary reservation of state low-income housing tax credits
under the set-aside described in subdivision (c) of Section 50199.20
of the Health and Safety Code unless the project also receives a
preliminary reservation of federal low-income housing tax credits.

(iv) This subparagraph shall cease to be operative with respect
to any project that receives a preliminary reservation of a credit
on or after January 1, 2016.

(2) (A) The California Tax Credit Allocation Committee shall
certify to the housing sponsor the amount of tax credit under this
section allocated to the housing sponsor for each credit period.

(B) In the case of a partnership, limited liability company, or
an “S” corporation, the housing sponsor shall provide a copy of
the California Tax Credit Allocation Committee certification to
the taxpayer.

(C) The taxpayer shall, upon request, provide a copy of the
certification to the Franchise Tax Board.

(D) All elections made by the taxpayer pursuant to Section 42
of the Internal Revenue Code shall apply to this section.

(E) (i) The California Tax Credit Allocation Committee may
allocate a credit under this section in exchange for a credit allocated
pursuant to Section 42(d)(5)(B) of the Internal Revenue Code in
amounts up to 30 percent of the eligible basis of a building if the
credits allowed under Section 42 of the Internal Revenue Code are
reduced by an equivalent amount.

(ii) An equivalent amount shall be determined by the California
Tax Credit Allocation Committee based upon the relative amount
required to produce an equivalent state tax credit to the taxpayer.

(c) Section 42(b) of the Internal Revenue Code shall be modified
as follows:

(1) In the case of any qualified low-income building that is a
new building, as defined in Section 42 of the Internal
Revenue Code and the regulations promulgated thereunder, and
not federally subsidized, the term “applicable percentage” means
the following:
(A) For each of the first three years, the percentage prescribed by the Secretary of the Treasury for new buildings that are not federally subsidized for the taxable year, determined in accordance with the requirements of Section 42(b)(1) of the Internal Revenue Code in lieu of the percentage prescribed in Section 42(b)(1)(A) of the Internal Revenue Code.

(B) For the fourth year, the difference between 30 percent and the sum of the applicable percentages for the first three years.

(2) In the case of any qualified low-income building that (i) is a new building, as defined in Section 42 of the Internal Revenue Code and the regulations promulgated thereunder; (ii) not located in designated difficult development areas (DDAs) or qualified census tracts (QCTs), as defined in Section 42(d)(5)(B) of the Internal Revenue Code, and (iii) is federally subsidized, the term “applicable percentage” means for the first three years, 15 percent of the qualified basis of the building, and for the fourth year, 5 percent of the qualified basis of the building.

(3) In the case of any qualified low-income building that is (i) an existing building, as defined in Section 42 of the Internal Revenue Code and the regulations promulgated thereunder; (ii) not located in designated difficult development areas (DDAs) or qualified census tracts (QCTs), as defined in Section 42(d)(5)(B) of the Internal Revenue Code, and (iii) is federally subsidized, the term applicable percentage means the following:

(A) For each of the first three years, the percentage prescribed by the Secretary of the Treasury for new buildings that are federally subsidized for the taxable year.

(B) For the fourth year, the difference between 13 percent and the sum of the applicable percentages for the first three years.

(4) In the case of any qualified low-income building that is (i) a new or an existing building, (ii) located in designated difficult development areas (DDAs) or qualified census tracts (QCTs) as defined in Section 42(d)(5)(B) of the Internal Revenue Code, and (iii) federally subsidized, the California Tax Credit Allocation Committee shall determine the amount of credit to be allocated under subparagraph (E) of paragraph (2) of subdivision (b) required to produce an equivalent state tax credit to the taxpayer, as produced in paragraph (2), taking into account the basis boost provided under Section 42(d)(5)(B) of the Internal Revenue Code.
(5) In the case of any qualified low-income building that meets all of the requirements of subparagraphs (A) through (D), inclusive, the term “applicable percentage” means 30 percent for each of the first three years and 5 percent for the fourth year. A qualified low-income building receiving an allocation under this paragraph is ineligible to also receive an allocation under paragraph (3).

(A) The qualified low-income building is at least 15 years old.

(B) The qualified low-income building is serving households of very low-income or extremely low-income such that the average maximum household income as restricted, pursuant to an existing regulatory agreement with a federal, state, county, local, or other governmental agency, is not more than 45 percent of the area median gross income, as determined under Section 42 of the Internal Revenue Code, adjusted by household size.

(C) The qualified low-income building would have insufficient credits under paragraphs (1) and (2) and (3) to complete substantial rehabilitation due to a low appraised value.

(D) The qualified low-income building will complete the substantial rehabilitation in connection with the credit allocation herein.

(d) The term “qualified low-income housing project” as defined in Section 42(c)(2) of the Internal Revenue Code is modified by adding the following requirements:

(1) The taxpayer shall be entitled to receive a cash distribution from the operations of the project, after funding required reserves, that at the election of the taxpayer, is equal to:

(A) An amount not to exceed 8 percent of the lesser of:
(i) The owner equity, that shall include the amount of the capital contributions actually paid to the housing sponsor and shall not include any amounts until they are paid on an investor note.

(ii) Twenty percent of the adjusted basis of the building as of the close of the first taxable year of the credit period.

(B) The amount of the cashflow from those units in the building that are not low-income units. For purposes of computing cashflow under this subparagraph, operating costs shall be allocated to the low-income units using the “floor space fraction,” as defined in Section 42 of the Internal Revenue Code.

(C) Any amount allowed to be distributed under subparagraph (A) that is not available for distribution during the first five years of the compliance period may be accumulated and distributed any time during the first 15 years of the compliance period but not thereafter.

(2) The limitation on return shall apply in the aggregate to the partners if the housing sponsor is a partnership and in the aggregate to the shareholders if the housing sponsor is an “S” corporation.

(3) The housing sponsor shall apply any cash available for distribution in excess of the amount eligible to be distributed under paragraph (1) to reduce the rent on rent-restricted units or to increase the number of rent-restricted units subject to the tests of Section 42(g)(1) of the Internal Revenue Code.

(e) The provisions of Section 42(f) of the Internal Revenue Code shall be modified as follows:

(1) The term “credit period” as defined in Section 42(f)(1) of the Internal Revenue Code is modified by substituting “four taxable years” for “10 taxable years.”

(2) The special rule for the first taxable year of the credit period under Section 42(f)(2) of the Internal Revenue Code shall not apply to the tax credit under this section.

(3) Section 42(f)(3) of the Internal Revenue Code is modified to read:

If, as of the close of any taxable year in the compliance period, after the first year of the credit period, the qualified basis of any building exceeds the qualified basis of that building as of the close of the first year of the credit period, the housing sponsor, to the extent of its tax credit allocation, shall be eligible for a credit on the excess in an amount equal to the applicable percentage determined pursuant to subdivision (c) for the four-year period.
beginning with the later of the taxable years in which the increase
in qualified basis occurs.

(f) The provisions of Section 42(h) of the Internal Revenue
Code shall be modified as follows:

(1) Section 42(h)(2) of the Internal Revenue Code shall not be
applicable and instead the following provisions shall be applicable:

The total amount for the four-year credit period of the housing
credit dollars allocated in a calendar year to any building shall
reduce the aggregate housing credit dollar amount of the California
Tax Credit Allocation Committee for the calendar year in which
the allocation is made.

(2) Paragraphs (3), (4), (5), (6)(E)(i)(II), (6)(F), (6)(G), (6)(I),
(7), and (8) of Section 42(h) of the Internal Revenue Code shall
not be applicable.

(g) The aggregate housing credit dollar amount that may be
allocated annually by the California Tax Credit Allocation
Committee pursuant to this section, Section 12206, and Section
17058 shall be an amount equal to the sum of all the following:

(1) (A) Seventy million dollars ($70,000,000) for the 2001
calendar year, and, for the 2002 calendar year and each calendar
year thereafter, seventy million dollars ($70,000,000) increased
by the percentage, if any, by which the Consumer Price Index for
the preceding calendar year exceeds the Consumer Price Index for
the 2001 calendar year. For the purposes of this paragraph, the
term “Consumer Price Index” means the last Consumer Price Index
for All Urban Consumers published by the federal Department of
Labor.

(B) An additional three hundred million dollars ($300,000,000)
for the 2015-2016 calendar year, and, for the 2016-2017 calendar
year and each calendar year thereafter, three hundred million
dollars ($300,000,000) increased by the percentage, if any, by
which the Consumer Price Index for the preceding calendar year
exceeds the Consumer Price Index for the 2015-2016 calendar
year. For the purposes of this paragraph, the term “Consumer Price
Index” means the last Consumer Price Index for All Urban
Consumers published by the federal Department of Labor. A
housing sponsor receiving an allocation under paragraph (1) of
subdivision (c) shall not be eligible for receipt of the housing credit
allocated from the increased amount under this subparagraph. A
housing sponsor receiving an allocation under paragraph (1) of
(c) shall remain eligible for receipt of the housing credit allocated from the credit ceiling amount under subparagraph (A).

(2) The unused housing credit ceiling, if any, for the preceding calendar years.

(3) The amount of housing credit ceiling returned in the calendar year. For purposes of this paragraph, the amount of housing credit dollar amount returned in the calendar year equals the housing credit dollar amount previously allocated to any project that does not become a qualified low-income housing project within the period required by this section or to any project with respect to which an allocation is canceled by mutual consent of the California Tax Credit Allocation Committee and the allocation recipient.

(4) Five hundred thousand dollars ($500,000) per calendar year for projects to provide farmworker housing, as defined in subdivision (h) of Section 50199.7 of the Health and Safety Code.

(5) The amount of any unallocated or returned credits under former Sections 17053.14, 23608.2, and 23608.3, as those sections read prior to January 1, 2009, until fully exhausted for projects to provide farmworker housing, as defined in subdivision (h) of Section 50199.7 of the Health and Safety Code.

(h) The term “compliance period” as defined in Section 42(i)(1) of the Internal Revenue Code is modified to mean, with respect to any building, the period of 30 consecutive taxable years beginning with the first taxable year of the credit period with respect thereto.

(i) Section 42(j) of the Internal Revenue Code shall not be applicable and the following shall be substituted in its place:

The requirements of this section shall be set forth in a regulatory agreement between the California Tax Credit Allocation Committee and the housing sponsor, and the regulatory agreement shall be subordinated, when required, to any lien or encumbrance of any banks or other institutional lenders to the project. The regulatory agreement entered into pursuant to subdivision (f) of Section 50199.14 of the Health and Safety Code shall apply, provided that the agreement includes all of the following provisions:

(1) A term not less than the compliance period.

(2) A requirement that the agreement be recorded in the official records of the county in which the qualified low-income housing project is located.
A provision stating which state and local agencies can enforce the regulatory agreement in the event the housing sponsor fails to satisfy any of the requirements of this section.

A provision that the regulatory agreement shall be deemed a contract enforceable by tenants as third-party beneficiaries thereto, and that allows individuals, whether prospective, present, or former occupants of the building, who meet the income limitation applicable to the building, the right to enforce the regulatory agreement in any state court.

A provision incorporating the requirements of Section 42 of the Internal Revenue Code as modified by this section.

A requirement that the housing sponsor notify the California Tax Credit Allocation Committee or its designee if there is a determination by the Internal Revenue Service that the project is not in compliance with Section 42(g) of the Internal Revenue Code.

A requirement that the housing sponsor, as security for the performance of the housing sponsor’s obligations under the regulatory agreement, assign the housing sponsor’s interest in rents that it receives from the project, provided that until there is a default under the regulatory agreement, the housing sponsor is entitled to collect and retain the rents.

The remedies available in the event of a default under the regulatory agreement that is not cured within a reasonable cure period include, but are not limited to, allowing any of the parties designated to enforce the regulatory agreement to collect all rents with respect to the project; taking possession of the project and operating the project in accordance with the regulatory agreement until the enforcer determines the housing sponsor is in a position to operate the project in accordance with the regulatory agreement; applying to any court for specific performance; securing the appointment of a receiver to operate the project; or any other relief as may be appropriate.

(j) (1) The committee shall allocate the housing credit on a regular basis consisting of two or more periods in each calendar year during which applications may be filed and considered. The committee shall establish application filing deadlines, the maximum percentage of federal and state low-income housing tax credit ceiling that may be allocated by the committee in that period, and the approximate date on which allocations shall be made. If the enactment of federal or state law, the adoption of rules or
regulations, or other similar events prevent the use of two allocation periods, the committee may reduce the number of periods and adjust the filing deadlines, maximum percentage of credit allocated, and allocation dates.

(2) The committee shall adopt a qualified allocation plan, as provided in Section 42(m)(1) of the Internal Revenue Code. In adopting this plan, the committee shall comply with the provisions of Sections 42(m)(1)(B) and 42(m)(1)(C) of the Internal Revenue Code, respectively.

(3) Notwithstanding Section 42(m) of the Internal Revenue Code the California Tax Credit Allocation Committee shall allocate housing credits in accordance with the qualified allocation plan and regulations, which shall include the following provisions:

(A) All housing sponsors, as defined by paragraph (3) of subdivision (a), shall demonstrate at the time the application is filed with the committee that the project meets the following threshold requirements:

(i) The housing sponsor shall demonstrate there is a need for low-income housing in the community or region for which it is proposed.

(ii) The project’s proposed financing, including tax credit proceeds, shall be sufficient to complete the project and shall be adequate to operate the project for the extended use period.

(iii) The project shall have enforceable financing commitments, either construction or permanent financing, for at least 50 percent of the total estimated financing of the project.

(iv) The housing sponsor shall have and maintain control of the site for the project.

(v) The housing sponsor shall demonstrate that the project complies with all applicable local land use and zoning ordinances.

(vi) The housing sponsor shall demonstrate that the project development team has the experience and the financial capacity to ensure project completion and operation for the extended use period.

(vii) The housing sponsor shall demonstrate the amount of tax credit that is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the extended use period, taking into account operating expenses, a supportable debt service, reserves, funds set aside for rental subsidies and required equity, and a development fee that
does not exceed a specified percentage of the eligible basis of the
project prior to inclusion of the development fee in the eligible
basis, as determined by the committee.

(B) The committee shall give a preference to those projects
satisfying all of the threshold requirements of subparagraph (A)
if both of the following apply:

(i) The project serves the lowest income tenants at rents
affordable to those tenants.

(ii) The project is obligated to serve qualified tenants for the
longest period.

(C) In addition to the provisions of subparagraphs (A) and (B),
the committee shall use the following criteria in allocating housing
credits:

(i) Projects serving large families in which a substantial number,
as defined by the committee, of all residential units are low-income
units with three or more bedrooms.

(ii) Projects providing single-room occupancy units serving
very low income tenants.

(iii) (I) Existing projects that are “at risk of conversion.”

(II) For purposes of this section, the term “at risk of conversion,”
with respect to an existing property means a property that satisfies
all of the following criteria:

(a) The property is a multifamily rental housing development
in which at least 50 percent of the units receive governmental
assistance pursuant to any of the following:

(1) New construction, substantial rehabilitation, moderate
rehabilitation, property disposition, and loan management set-aside
programs, or any other program providing project-based assistance
pursuant to Section 8 of the United States Housing Act of 1937,
Section 1437f of Title 42 of the United States Code, as amended.

(2) The Below-Market-Interest-Rate Program pursuant to
Section 221(d)(3) of the National Housing Act, Sections
1715l(d)(3) and (5) of Title 12 of the United States Code.

(3) Section 236 of the National Housing Act, Section 1715z-1
of Title 12 of the United States Code.

(d) Programs for rent supplement assistance pursuant to Section
18 101 of the Housing and Urban Development Act of 1965,
Section 1701s of Title 12 of the United States Code, as amended.
(Ie) Programs pursuant to Section 515 of the Housing Act of 1949, Section 1485 of Title 42 of the United States Code, as amended.

(If) The low-income housing credit program set forth in Section 42 of the Internal Revenue Code.

(ib) The restrictions on rent and income levels will terminate or the federal insured mortgage on the property is eligible for prepayment any time within five years before or after the date of application to the California Tax Credit Allocation Committee.

(ic) The entity acquiring the property enters into a regulatory agreement that requires the property to be operated in accordance with the requirements of this section for a period equal to the greater of 55 years or the life of the property.

(id) The property satisfies the requirements of Section 42(e) of the Internal Revenue Code, regarding rehabilitation expenditures except that the provisions of Section 42(e)(3)(A)(ii)(I) shall not apply.

(iv) Projects for which a public agency provides direct or indirect long-term financial support for at least 15 percent of the total project development costs or projects for which the owner’s equity constitutes at least 30 percent of the total project development costs.

(v) Projects that provide tenant amenities not generally available to residents of low-income housing projects.

(4) For purposes of allocating credits pursuant to this section, the committee shall not give preference to any project by virtue of the date of submission of its application except to break a tie when two or more of the projects have an equal rating.

(5) Not less than 20 percent of the low-income housing tax credits available annually under this section, Section 12206, and Section 17058 shall be set aside for allocation to rural areas as defined in Section 50199.21 of the Health and Safety Code. Any amount of credit set aside for rural areas remaining on or after October 31 of any calendar year shall be available for allocation to any eligible project. No amount of credit set aside for rural areas shall be considered available for any eligible project so long as there are eligible rural applications pending on October 31.

(k) Section 42(l) of the Internal Revenue Code shall be modified as follows:
The term “secretary” shall be replaced by the term “California Franchise Tax Board.”

In the case where the credit allowed under this section exceeds the “tax,” the excess may be carried over to reduce the “tax” in the following year, and succeeding taxable years if necessary, until the credit has been exhausted.

A project that received an allocation of a 1989 federal housing credit dollar amount shall be eligible to receive an allocation of a 1990 state housing credit dollar amount, subject to all of the following conditions:

1. The project was not placed in service prior to 1990.
2. To the extent the amendments made to this section by the Statutes of 1990 conflict with any provisions existing in this section prior to those amendments, the prior provisions of law shall prevail.
3. Notwithstanding paragraph (2), a project applying for an allocation under this subdivision shall be subject to the requirements of paragraph (3) of subdivision (j).

The credit period with respect to an allocation of credit in 1989 by the California Tax Credit Allocation Committee of which any amount is attributable to unallocated credit from 1987 or 1988 shall not begin until after December 31, 1989.

The provisions of Section 11407(a) of Public Law 101-508, relating to the effective date of the extension of the low-income housing credit, shall apply to calendar years after 1989.

The provisions of Section 11407(c) of Public Law 101-508, relating to election to accelerate credit, shall not apply.

A corporation may elect to assign any portion of any credit allowed under this section to one or more affiliated corporations for each taxable year in which the credit is allowed. For purposes of this subdivision, “affiliated corporation” has the meaning provided in subdivision (b) of Section 25110, as that section was amended by Chapter 881 of the Statutes of 1993, as of the last day of the taxable year in which the credit is allowed, except that “100 percent” is substituted for “more than 50 percent” wherever it appears in the section, as that section was amended by Chapter 881 of the Statutes of 1993, and “voting common stock” is substituted for “voting stock” wherever it appears in the section, as that section was amended by Chapter 881 of the Statutes of 1993.

The election provided in paragraph (1):
(A) May be based on any method selected by the corporation that originally receives the credit.

(B) Shall be irrevocable for the taxable year the credit is allowed, once made.

(C) May be changed for any subsequent taxable year if the election to make the assignment is expressly shown on each of the returns of the affiliated corporations that assign and receive the credits.

(r) Any unused credit may continue to be carried forward, as provided in subdivision (l), until the credit has been exhausted.

(s) This section shall remain in effect on and after December 1, 1990, for as long as Section 42 of the Internal Revenue Code, relating to low-income housing credit, remains in effect.

(t) The amendments to this section made by Chapter 1222 of the Statutes of 1993 shall apply only to taxable years beginning on or after January 1, 1994, except that paragraph (1) of subdivision (q), as amended, shall apply to taxable years beginning on or after January 1, 1993.

SEC. 4. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.
SUBJECT: Income taxes: credits: low-income housing: allocation increase

DIGEST: This bill increases the amount of state tax credits the California Tax Credit Allocation Committee (TCAC) can allocate for low-income housing and makes other changes to the state low-income housing tax credit (LIHTC) program.

ANALYSIS:

Existing law:

1) Provides that a low-income housing development that is a new building and is receiving 9% federal LIHTC credits is eligible to receive state LIHTC over four years of 30% of the eligible basis of the building.

2) Provides that a low-income housing development that is a new building that is receiving federal LIHTC and is “at risk of conversion” to market rate is eligible to receive state LIHTC over four years of 13% of the eligible basis of the building.

3) Allows TCAC to award state LIHTCs to developments in a qualified census tract (QCT) or a difficult to designated difficult development area (DDA) if the project is also receiving federal LIHTC, under the following conditions:
   a) Developments restrict at least 50% of the units to special needs households; and
   b) The state credits do not exceed 130% of the eligible basis of the building.

4) Allows TCAC to replace federal LIHTC with state LIHTC of up to 130% of a project’s eligible basis if the federal LIHTC is reduced in an equivalent amount.
5) Defines a QCT as any census tract designated by the U.S. Department of Housing and Urban Development (HUD) in which either 50% or more of the households have an income that is less than 60% of the area median gross income or that has a poverty rate of at least 25%.

6) Defines a DDA as an area designated by HUD on an annual basis that has high construction, land, and utility costs relative to area median gross income.

This bill:

1) Modifies the allocation of state LIHTC that may be awarded to a federally subsidized low-income housing project receiving federal 4% LIHTC so that:

   a) A new qualified low-income housing building is eligible for a cumulative state LIHTC over four years of 50% of the eligible basis of the building, provided that the building is not located in a DDA or a QCT.

   b) An existing qualified low-income housing building that is not located in a DDA or a QCT is eligible for a cumulative state LIHTC over four years of 13% of the eligible basis of the building.

   c) A new or existing low-income housing building that is located in a DDA or QCT may be awarded a cumulative state LIHTC in an amount not to exceed 50% of the eligible basis of the building, provided that the federal LIHTC is replaced with state LIHTC, as specified.

   d) A qualified existing, low-income building that is at least 15 years old is eligible for a cumulative state LIHTC of 95% of the eligible basis over four years if it meets all of the following requirements:

   - The project serves households of very low and extremely low income such that its average maximum household income is not more than 45% of the area median gross income;
   - The project is subject to a regulatory agreement restricting the average maximum household income to the above standard for 55 years;
   - The project would have insufficient credits under current categories to complete substantial rehabilitation; and
   - The credit allocation results in the completion of the project.

2) Authorizes TCAC to allocate up to $300 million in credits in the 2016-17 fiscal year, plus $300 million each fiscal year thereafter plus an inflation adjustment for projects under the new category, or for projects only eligible
for the 4% credit. TCAC can allocate credits to developers eligible for the 9% credit from the current $75 million authorization, but developers of these projects are ineligible for allocations from the new $300 million.

3) Imports current definitions for “low-income” and “extremely low-income” and makes other conforming changes.

4) Takes effect immediately as a tax levy.

COMMENTS:

1) *Purpose of the bill.* According to the author, California’s shortfall of 1.5 million affordable rental units impedes its economic growth by slowing job creation and driving Californians into poverty. When housing costs are accounted for, the proportion of people unable to meet their basic needs — food, shelter, transportation — rises from 16% to 23%, the highest rate of poverty in the nation. Additionally, 21 of the nation’s least affordable cities are in California.

A recent report from the California Housing Partnership depicts a growing statewide crisis driven by a growing divide between incomes and rents. Statewide, median incomes have fallen 8% since 2000; meanwhile, rental prices have risen to 21% in the same timeframe. Further, no county in California has sufficient affordable rental units for low-income individuals.

With the loss of redevelopment and expenditure of the last voter-approved housing bonds, $1.5 billion of annual state investment dedicated to housing has been eliminated. AB 35 would reverse that by increasing the California LIHTC, a proven public-private-partnership model, by $300 million per year, and enable the state to attract $600 million in additional federal funding.

2) *Background of the federal LIHTC program.* The LIHTC is an indirect federal subsidy developed in 1986 to incentivize the private development of affordable rental housing for low-income households. The federal LIHTC program enables low-income housing sponsors and developers to raise project equity through the allocation of tax benefits to investors. TCAC administers the program and awards credits to qualified developers who can then sell those credits to private investors who use the credits to reduce their federal tax liability. The developer in turn invests the capital into the affordable housing project.
Two types of federal tax credits are available: the 9% and 4% credits. These terms refer to the approximate percentage of a project’s “eligible basis” a taxpayer may deduct from his/her annual federal tax liability in each of 10 years. “Eligible basis” means the cost of development excluding land, transaction costs, and costs incurred for work outside the property boundary. For projects that are not financed with a federal subsidy, the applicable rate is 9%. For projects that are federally subsidized (including projects financed more than 50% with tax-exempt bonds), the applicable rate is 4%. Although the credits are known as the “9% and 4% credits,” the actual tax rates fluctuate every month, based on the determination made by the Internal Revenue Service on a monthly basis. Generally, the 9% tax credit amounts to 70% of a taxpayer’s eligible basis and the 4% tax credit amounts to 30% of a taxpayer’s eligible basis, spread over a 10-year period.

Each year, the federal government allocates funding to the states for LIHTCs on the basis of a per-resident formula. In California, TCAC is the entity that reviews proposals submitted by developers and selects projects based on a variety of prescribed criteria. Only rental housing buildings, which are either undergoing rehabilitation or newly constructed, are eligible for the LIHTC programs. In addition, the qualified low-income housing projects must comply with both rent and income restrictions.

Each state receives an annual ceiling of 9% federal tax credits and they are oversubscribed by a 3:1 ratio. Unlike 9% LIHTC, federal 4% tax credits are not capped; however, they must be used in conjunction with tax-exempt private activity mortgage revenue bonds which are capped and are administered by the California Debt Limit Allocation Committee. In 2015, the state ceiling for private activity bonds is set at $5.61 billion.

The value of the 4% tax credits is less than half of the 9% tax credits and, as a result, 4% federal credits are generally used in conjunction with another funding source, like state housing bonds or local funding sources. In 2014, developers only used $80.5 million in annual federal 4% tax credits, significantly less than prior years. This is because, unlike in prior years, there is little supplemental funding from housing bonds or local funding sources to fill the remaining financing gap. The loss of redevelopment funding and state housing bond funds, which were used in combination with 4% federal credits to achieve higher affordability, has made the 4% federal credits less effective.

3) **Background of the state LIHTC program.** In 1987, the Legislature authorized a state LIHTC program to augment the federal tax credit program. State tax credits can only be awarded to projects that have also received, or are
concurrently receiving, an allocation of the federal LIHTCs. The amount of state LIHTC that may be annually allocated by the TCAC is limited to $70 million, adjusted for inflation. In 2014, the total credit amount available for allocation was $103 million plus any unused or returned credit allocations from previous years. Current state tax law generally conforms to federal law with respect to the LIHTC, except that it is limited to projects located in California.

While the state LIHTC program is patterned after the federal LIHTC program, there are several differences. First, investors may claim the state LIHTC over four years rather than the 10-year federal allocation period. Second, the rates used to determine the total amount of the state tax credit (representing all four years of allocation) are 30% of the eligible basis of a project that is not federally subsidized and 13% of the eligible basis of a project that is federally subsidized, in contrast to 70% and 30% (representing all 10 years of allocation on a present-value basis), respectively, for purposes of the federal LIHTCs. Furthermore, state tax credits are not available for acquisition costs, except for previously subsidized projects that qualify as “at-risk” of being converted to market rate.

Combining federal 9% credits (which amounts to roughly 70%) with state credits (which amounts to 30%) generally equals 100% of a project’s eligible basis. Combining federal 4% credits (which amounts to roughly 30%) with state credits (which amounts to 13%), only results in 43% of a project’s eligible basis.

4) Background of state credits in DDAs and QCTs. Federal law also allows credits equal to 130% of eligible basis if the project is located in a QCT or a DDA, a so-called “basis boost” of 30%. QCTs are designated by the Secretary of HUD, in which either 50% or more of the households have an income that is less than 60% of the area median gross income or have a poverty rate of 25%. The Secretary of HUD also draws DDAs using a ratio of construction, land, and utility costs to area median gross income.

State law prohibits TCAC from allocating state credits in QCTs or DDAs unless TCAC swaps out federal credits willing to forgo the “basis boost,” so that the combined credit amount doesn’t exceed 130% of basis. The rationale for this prohibition is that projects in these areas can qualify for more federal tax credits through a basis boost and therefore are already advantaged.

State law was recently amended to authorize TCAC, in limited cases, to award state LIHTCs for use in DDAs or QCTs, in addition to the federal credits. To
qualify, a development must restrict at least 50% of the units to special-needs households. The change allows these projects to receive state credits of 30% of basis in addition to federal ones generated on 130% of basis.

5) *Increasing amount of state credits.* This bill would increase the state LIHTC allocation by $300 million per year, in addition to the existing $70 million cap, as adjusted for inflation. The increase in the amount of state LIHTC would allow the state to leverage an additional $200 million in federal 4% LIHTC and at least $400 million in federal tax-exempt bond authority annually. The increase would help fill the gap in funding that was created by the loss of redevelopment and the exhaustion of state voter-approved bonds.

6) *Filling the gap.* This bill also increases the amount of state tax credits awarded to each qualified low-income housing project from 13% to 50% of the eligible basis, provided the project is also receiving a 4% federal tax credit. Developers that receive federal 9% credits can combine them with a sufficient subsidy to construct a low-income housing project, but TCAC can only allocate those credits up to a federal cap. While the 4% credits are not subject to a cap, they do not have the same value because developers cannot generate sufficient capital needed to cover the cost of the project. This bill would increase the value of the state credits to secure more interest than the 4% to generate sufficient amounts to construct projects.

This increase would apply to new construction and rehabilitation costs of the project and would more than triple the amount of equity that an investor in the project would receive, which would bring the return on 4% credits in line with 9% credits and would likely result in greater affordability for the project. The costs of acquiring an existing low-income building would also be eligible for the state LIHTC allocated from the new additional funding of $300 million, but the applicable percentage used to calculate the amount of that credit would be limited to 13% of the project’s eligible basis.

7) *An extra boost.* Federal law gives projects an extra 30% boost on eligible basis if the project is located in a DDA or QCT. These areas have a higher poverty level and a higher concentration of extremely low-income individuals and families, so deep subsidy is required to make housing affordable. State law does not allow state credits to be awarded in DDAs or QCTs, except for housing developments where 50% of the units are for special-needs populations. The rationale for the prohibition is that projects in these areas can qualify for more federal tax credits and are already advantaged.

The bill allows TCAC to allocate state credits for new or existing buildings in QCTs and DDAs up to 50% of basis of a project receiving a 4% credit, but
must replace federal credits with state ones when doing so. In other words, the state would provide the percentage necessary so that the aggregate of the state credits and the federal boost equal 50% of basis. The main purpose of this change is to provide enough state tax credits to match the value of a 9% federal tax credit. As with the other provisions of the bill, this only changes the state tax credit for projects receiving 4% credits and does not affect projects receiving 9% tax credits.

8) **Rehabilitating existing housing stock.** Many low-income housing developments in the state are older and need significant rehabilitation. These projects, therefore, require more investment due to their age and level of repairs, combined with low rents. This bill will significantly increase an amount of state LIHTC — 95% of the eligible basis — that may be awarded to a qualified low-income housing building that houses very low-income or extremely low-income tenants and meets all specified requirements, including the building’s location, age, and value.

9) **Costs and effects.** The increase in state LIHTCs is a tax credit, which means this is tax liability that would have otherwise gone to the general fund from corporations, which instead choose to invest in low-income housing tax credits. While it’s possible that it could take $300 million from the general fund, the idea is that investors would likely be seeking tax credits elsewhere and might, with the enactment of this bill, now build affordable housing. As previously noted, the increase in the amount of state LIHTC would allow the state to leverage an additional $200 million in federal 4% LIHTC and at least $400 million in federal tax-exempt bond authority annually. The sponsors also estimate that if this bill were enacted, 2,000 new rental homes would be created annually.

Further, there are economic impacts from the construction, job creation, and local tax benefits of building multifamily homes. The estimated one-year impacts of building 100 rental apartments in a typical local area include $11.7 million in local income, $2.2 million in taxes and other revenue for local governments, and 161 local jobs (1.62 jobs per apartment). The additional, annually recurring impacts of building 100 rental apartments in a typical local area include $2.6 million in local income, $503,000 in taxes and other revenue for local governments, and 44 local jobs (.44 jobs per apartment).

10) **Double-referred.** This bill was heard in the Senate Governance and Finance Committee on July 1, 2015, and approved 6-0.
Assembly Votes:

Floor: 78-0  
Appr: 17-0  
Rev&Tax: 9-0  
H&CD: 7-0

RELATED LEGISLATION:

SB 377 (Beall, 2015) — allows a taxpayer who receives an allocation of state LIHTC from TCAC to sell all or any portion of the credit to one or more unrelated parties for each taxable year in which the credit is allowed for not less than 80% of the amount of the credit. This bill is pending in the Assembly Revenue and Taxation Committee.

AB 952 (Atkins, Chapter 771, Statutes of 2013) — authorizes TCAC to allocate a state LIHTC for buildings located in a DDA or QCT that have at least 50% special-needs occupants.

FISCAL EFFECT: Appropriation: No  Fiscal Com.: Yes  Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, July 8, 2015.)

SUPPORT:

California Housing Consortium (co-sponsor)  
California Housing Partnership (co-sponsor)  
Non-Profit Housing Association of Northern California (co-sponsor)  
AARP California  
Abode Communities  
Apartmant Association, California Southern Cities  
Apartmant Association of Orange County  
Aspiranet  
BRIDGE Housing  
Burbank Housing Corporation  
Burbank Housing Development Corporation  
California Alliance for Retired Americans  
California Apartment Association  
California Bankers Association  
California Building Industry Association  
California Center for Cooperative Development
City of Thousand Oaks
City of Torrance
City of Tulare
City of Turlock
City of Union City
City of Ventura
City of Vista
City of West Hollywood
Community Economics, Inc.
Community Housing Opportunities Corporation
Community HousingWorks
Community Land Trust Association of West Marin
Contra Costa County
Contra Costa Interfaith Housing
Core Affordable Housing
County Welfare Directors Association of California
Disability Rights California
Domus Development
EAH Housing
East Bay Developmental Disabilities Legislative Coalition
East Bay Rental Housing Association
Elder Advocates for Community Health
The Episcopal Diocese of Los Angeles
Goldfarb & Lipman LLP
Greenbelt Alliance
Highridge Costa Housing Partners, LLC
Highridge Costa Investors
HIP Housing, Inc.
HKIT Architects
Hollywood Adventist Church
Home Ownership for Personal Empowerment
Housing Authority of the City of San Buenaventura
Housing Authority of the City of Santa Barbara
Housing Authority of the County of Alameda
Housing Leadership Council of San Mateo County
Housing Trust Silicon Valley
Hudson Housing Capital
Irvine Community Land Trust
Islamic Shura Council of Northern California
Jamboree Housing Corporation
The Kennedy Commission
Korean Resource Center
Larkin Street Youth Services
Law Foundation of Silicon Valley
League of California Cities
LINC Housing
Lutheran Office of Public Policy — California
Many Mansions
Marin County Board of Supervisors
Mayor of Long Beach
Mayor of Los Angeles
Mayor of Santa Barbara
Mental Health America of California
Mercy Housing/Bennett House
MidPen Housing Corporation
Monterey County Board of Supervisors
Nancy Lewis Associates
Napa Valley Community Housing
National Association of Social Workers
Nelson Rental Consultant
Nor Cal Rental Property Association
North Los Angeles County Regional Center
North Valley Property Owners Association
Northern California Community Loan Fund
The Pacific Companies
Palm Communities
Peoples’ Self-Help Housing
Powell & Partners, Architects
Rural Communities Housing Development Corporation
Rural Community Assistance Corporation
Sacramento Loaves & Fishes
San Diego County Apartment Association
San Diego Housing Commission
San Francisco County
San Francisco Housing Action Coalition
San Francisco Unified School District
San Luis Obispo County Housing Trust Fund
San Mateo County
Santa Clara County Board of Supervisors
Satellite Affordable Housing Associates
Seventh-Day Adventist Church, Santa Clarita
SHELTER, Inc.
Shelter Partnership, Inc.
Silicon Valley Bank
Southwest California Legislative Council
Trinity Center
United Ways of California
Venice Community Housing Corporation
Ward Economic Development Corporation
Western Seniors Housing, Inc.
Women Organizing Resources, Knowledge and Services
Yolo Housing
17 individuals

OPPOSITION:

City of Banning

-- END --
An act to add Section 27388.1 to the Government Code, and to add Chapter 2.5 (commencing with Section 50470) to Part 2 of Division 31 of the Health and Safety Code, relating to housing, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL’S DIGEST


Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, homeownership for very low and low-income households, and downpayment assistance for first-time homebuyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law. Existing law requires that proceeds from the sale of these bonds be used
to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks.

This bill would enact the Building Homes and Jobs Act. The bill would make legislative findings and declarations relating to the need for establishing permanent, ongoing sources of funding dedicated to affordable housing development. The bill would impose a fee, except as provided, of $75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, per each single transaction per single parcel of real property, not to exceed $225. By imposing new duties on counties with respect to the imposition of the recording fee, the bill would create a state-mandated local program. The bill would require that revenues from this fee, after deduction of any actual and necessary administrative costs incurred by the county recorder, be sent quarterly to the Department of Housing and Community Development for deposit in the Building Homes and Jobs Fund, which the bill would create within the State Treasury. The bill would, upon appropriation by the Legislature, require that 20% of the moneys in the fund be expended for affordable owner-occupied workforce housing, 10% of the moneys for housing purposes related to agricultural workers and their families, and would authorize the remainder of the moneys in the fund to be expended to support affordable housing, homeownership opportunities, and other housing-related programs, and administrative costs, as specified. The bill would impose certain auditing and reporting requirements and would establish the Building Homes and Jobs Trust Fund Governing Board that would, among other things, review and approve recommendations made by the Department of Housing and Community Development for the distribution of moneys from the fund.

This bill would state the intent of the Legislature to enact legislation that would create the Secretary of Housing within state government to oversee all activities related to housing in the state.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.
The people of the State of California do enact as follows:

SECTION 1. This act shall be known as the Building Homes and Jobs Act.

SEC. 2. (a) The Legislature finds and declares that having a healthy housing market that provides an adequate supply of homes affordable to Californians at all income levels is critical to the economic prosperity and quality of life in the state.

(b) The Legislature further finds and declares all of the following:

(1) Funding approved by the state’s voters in 2002 and 2006, as of June 2014, has financed the construction, rehabilitation, and preservation of over 14,000 shelter spaces and 149,000 affordable homes. These numbers include thousands of supportive homes for people experiencing homelessness. In addition, these funds have helped tens of thousands of families become or remain homeowners. Nearly all of the voter-approved funding for affordable housing was awarded by the beginning of 2015.

(2) The requirement in the Community Redevelopment Law that redevelopment agencies set aside 20 percent of tax increment for affordable housing generated roughly $1 billion per year. With the elimination of redevelopment agencies, this funding stream has disappeared.

(3) In 2014, the Legislature committed 10 percent of ongoing cap-and-trade funds for affordable housing that reduces greenhouse gas emissions and dedicated $100 million in one-time funding for affordable multifamily and permanent supportive housing. In addition, the people of California thoughtfully approved the repurposing of $600 million in already committed bond funds for the creation of affordable rental and permanent supportive housing for veterans through the passage of Proposition 41.

(4) Despite these investments, the need in the state of California greatly exceeds the available resources, considering 36.2 percent of mortgaged homeowners and 47.7 percent of all renters are spending more than 35 percent of their household incomes on housing.
California has 12 percent of the United States population, but 20 percent of its homeless population. California has the highest percentage of unsheltered homeless in the nation, with 63 percent of homeless Californians not having shelter. California has 24 percent of the nation’s homeless veterans population and one-third of the nations’ chronically homeless population. California also has the largest populations of unaccompanied homeless children and youth, with 30 percent of the national total.

Furthermore, four of the top 10 metropolitan areas in the country with the highest rate of homelessness are in the following metropolitan areas in California: San Jose-Sunnyvale-Santa Clara, Los Angeles-Long Beach-Santa Ana, Fresno, and Stockton.

California continues to have the second lowest homeownership rate in the nation, and the Los Angeles metropolitan area is now a majority renter area. In fact, five of the eight lowest homeownership rates are in metropolitan areas in California.

Los Angeles and Orange Counties have been identified as the epicenter of overcrowded housing, and numerous studies have shown that children in crowded homes have poorer health, worse scores on mathematics and reading tests, and higher rates of depression and behavioral problems—even when poverty is taken into account.

Millions of Californians are affected by the state’s chronic housing shortage, including seniors, veterans, people experiencing chronic homelessness, working families, people with mental, physical, or developmental disabilities, agricultural workers, people exiting jails, prisons, and other state institutions, survivors of domestic violence, and former foster and transition-aged youth.

Eight of the top 10 hardest hit cities by the foreclosure crisis in the nation were in California. They include the Cities of Stockton, Modesto, Vallejo, Riverside, San Bernardino, Merced, Bakersfield, and Sacramento.

California’s workforce continues to experience longer commute times as persons in the workforce seek affordable housing outside the areas in which they work. If California is unable to support the construction of affordable housing in these areas, congestion problems will strain the state’s transportation system and exacerbate greenhouse gas emissions.
Many economists agree that the state’s higher than average unemployment rate is due in large part to massive shrinkage in the construction industry from 2005 to 2009, including losses of nearly 700,000 construction-related jobs, a 60-percent decline in construction spending, and an 83-percent reduction in residential permits. Restoration of a healthy construction sector will significantly reduce the state’s unemployment rate.

The lack of sufficient housing impedes economic growth and development by making it difficult for California employers to attract and retain employees.

To keep pace with continuing demand, the state should identify and establish a permanent, ongoing source or sources of funding dedicated to affordable housing development. Without a reliable source of funding for housing affordable to the state’s workforce and most vulnerable residents, the state and its local and private housing development partners will not be able to continue increasing the supply of housing after existing housing bond resources are depleted.

The investment will leverage billions of dollars in private investment, lessen demands on law enforcement and dwindling health care resources as fewer people are forced to live on the streets or in dangerous substandard buildings, and increase businesses’ ability to attract and retain skilled workers.

In order to promote housing and homeownership opportunities, the recording fee imposed by this act shall not be applied to any recording made in connection with a sale of real property. Purchasing a home is likely the largest purchase made by Californians, and it is the intent of this act to not increase transaction costs associated with these transfers.

SEC. 3. Section 27388.1 is added to the Government Code, to read:

27388.1. (a) (1) Commencing January 1, 2016, and except as provided in paragraph (2), in addition to any other recording fees specified in this code, a fee of seventy-five dollars ($75) shall be paid at the time of recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, except those expressly exempted from payment of recording fees, per each single transaction per parcel of real property. The fee imposed by this section shall not exceed two hundred twenty-five dollars ($225). “Real estate instrument, paper, or notice” means a
document relating to real property, including, but not limited to,
the following: deed, grant deed, trustee’s deed, deed of trust,
reconveyance, quit claim deed, fictitious deed of trust, assignment
of deed of trust, request for notice of default, abstract of judgment,
subordination agreement, declaration of homestead, abandonment
of homestead, notice of default, release or discharge, easement,
notice of trustee sale, notice of completion, UCC financing
statement, mechanic's lien, maps, and covenants, conditions, and
restrictions.

(2) The fee described in paragraph (1) shall not be imposed on
any real estate instrument, paper, or notice recorded in connection
with a transfer subject to the imposition of a documentary transfer
tax as defined in Section 11911 of the Revenue and Taxation Code
or on any real estate instrument, paper, or notice recorded in
connection with a transfer of real property that is a residential
dwelling to an owner-occupier.

(b) The fees, after deduction of any actual and necessary
administrative costs incurred by the county recorder in carrying
out this section, shall be remitted quarterly, on or before the last
day of the month next succeeding each calendar quarterly period,
to the Department of Housing and Community Development for
deposit in the California Homes and Jobs Trust Fund established
by Section 50470 of the Health and Safety Code, to be expended
for the purposes set forth in that section. In addition, the county
shall pay to the Department of Housing and Community
Development interest, at the legal rate, on any funds not paid to
the Controller before the last day of the month next succeeding
each quarterly period.

SEC. 4. Chapter 2.5 (commencing with Section 50470) is added
to Part 2 of Division 31 of the Health and Safety Code, to read:

Chapter 2.5. Building Homes and Jobs Act


50470. (a) (1) There is hereby created in the State Treasury
the Building Homes and Jobs Trust Fund. All interest or other
increments resulting from the investment of moneys in the fund
shall be deposited in the fund, notwithstanding Section 16305.7
(2) Moneys in the Building Homes and Jobs Trust Fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except to the Surplus Money Investment Fund. Upon appropriation by the Legislature:

(A) Twenty percent of moneys in the fund shall be expended for affordable owner-occupied workforce housing.

(B) Ten percent of the moneys in the fund shall be expended to address affordable homeownership and rental housing opportunities for agricultural workers and their families.

(C) The remainder of the moneys in the fund may be expended for the following purposes:

(i) The development, acquisition, rehabilitation, and preservation of rental housing that is affordable to extremely low, very low, low-, and moderate-income households, including necessary operating subsidies.

(ii) Affordable rental and ownership housing that meets the needs of a growing workforce up to 120 percent of area median income.

(iii) Matching portions of funds placed into local or regional housing trust funds.

(iv) Matching portions of funds available through the Low and Moderate Income Housing Asset Fund pursuant to subdivision (d) of Section 34176 of the Health and Safety Code.

(v) Capitalized reserves for services connected to the creation of new permanent supportive housing, including, but not limited to, developments funded through the Veterans Housing and Homelessness Prevention Program.

(vi) Emergency shelters, transitional housing, and rapid rehousing.

(vii) Accessibility modifications.

(viii) Efforts to acquire and rehabilitate foreclosed or vacant homes.

(ix) Homeownership opportunities, including, but not limited to, down payment assistance.

(x) To the department for the administration of housing programs that receive an appropriation from the fund. Moneys
(3) A state or local entity that receives an appropriation or allocation pursuant to this chapter shall use no more than 5 percent of that appropriation or allocation for costs related to the administration of the housing program for which the appropriation or allocation was made.

(b) Both of the following shall be paid and deposited in the fund:

(1) Any moneys appropriated and made available by the Legislature for purposes of the fund.

(2) Any other moneys that may be made available to the department for the purposes of the fund from any other source or sources.

(c) If a local government does not expend the moneys allocated to it, pursuant to this chapter, within five years of that allocation, those moneys shall revert to and be paid and deposited in, the fund.

50470.5. For purposes of this chapter:

(a) “Department” means the Department of Housing and Community Development.

(b) “Governing Board” means the Building Homes and Jobs Trust Fund Governing Board.

50470.7. (a) The Building Homes and Jobs Trust Fund Governing Board is hereby established. The governing board shall include one representative from the department, one representative from the California Housing Finance Agency, and one representative from the Office of the Treasurer. The governing board shall consist also include no fewer than two real estate licensees, one from northern California and one from southern California, each with not less than 10 years of real estate experience and membership in a real estate trade organization with not less than 20,000 licensees. The governing board shall include a local government official from northern and southern California, and a representative from the northern and southern California home building industry, all of whom shall be appointed by the Governor.

(b) (1) The governing board also shall include six public members. Two of the public members must be representative of nonprofit affordable housing development, one appointed by the Speaker of the Assembly and one appointed by the President pro
Tempore of the Senate. Two of the public members must be representative of for-profit affordable housing development, one appointed by the Speaker of the Assembly and one appointed by the President pro Tempore of the Senate. The Speaker of the Assembly and the President pro Tempore of the Senate shall each appoint one additional public member who shall be representative of, or have experience in, one or more of the following areas:

(A) Private sector lending.
(B) For-profit affordable housing development.
(C) Nonprofit affordable housing development.
(D) Working with special needs populations, including persons experiencing homelessness.
(E) Architecture.
(F) Housing development consultation.
(G) Housing issues related academia.

(2) Overall public membership shall contribute to a balance among geographic areas and between rural and urban interests.

50471. (a) In order to maximize efficiency and address comprehensive needs, the department, in consultation with the California Housing Finance Agency, the California Tax Credit Allocation Committee, and the California Debt Limit Allocation Committee, shall develop and submit to the Legislature, at the time of the Department of Finance’s adjustments to the proposed 2015–16 fiscal year budget pursuant to subdivision (e) of Section 13308 of the Government Code, the Building Homes and Jobs Investment Strategy. Notwithstanding Section 10231.5 of the Government Code, commencing with the 2020–21 fiscal year, and every five years thereafter, concurrent with the release of the Governor’s proposed budget, the department shall update the investment strategy and submit it to the Legislature. The governing board shall review and advise the department regarding the investment strategy prior to its submission to the Legislature. The investment strategy shall do all of the following:

(1) Identify the statewide needs, goals, objectives, and outcomes for housing for a five-year time period. Goals should include targets of the total number of affordable homes created and preserved with the funds.

(2) Promote—(A) Provide for a geographically balanced distribution of funds, including consideration of a 50 percent direct allocation of funds to local governments.
(B) In order to receive an allocation a local government shall:

  (1) Submit a plan to the department detailing how allocated funds will be used by the local government in manner consistent with paragraph (2) of subdivision (a) of Section 50470.

  (2) Have a compliant housing element with the state, submit annual reports pursuant to Section 65400 of the Government Code, and submit an annual report to the department that provides ongoing tracking of the uses and expenditures of any allocated funds.

  (3) Emphasize investments that serve households that are at or below 60 percent of area median income.

  (4) Meet the following minimum objectives:

  (A) Encourage economic development and job creation by helping to meet the housing needs of a growing workforce up to 120 percent of area median income.

  (B) Identify opportunities for coordination among state departments and agencies to achieve greater efficiencies, increase the amount of federal investment in production, services, and operating costs of housing, and promote energy efficiency in housing produced.

  (C) Incentivize the use and coordination of nontraditional funding sources including philanthropic funds, local realignment funds, nonhousing tax increment, the federal Patient Protection and Affordable Care Act, and other resources.

  (D) Incentivize innovative approaches that produce cost savings to local and state services by reducing the instability of housing for frequent, high-cost users of hospitals, jails, detoxification facilities, psychiatric hospitals, and emergency shelters.

(b) Before submitting the Building Homes and Jobs Investment Strategy to the Legislature, the department shall hold at least four public workshops in different regions of the state to further inform the development of the investment strategy.

(c) Expenditure requests contained in the Governor’s proposed budget shall be consistent with the Building Homes and Jobs Investment Strategy developed and submitted pursuant to this part. Moneys in the Building Homes and Jobs Trust Fund shall be appropriated through the annual Budget Act.

(d) The Building Homes and Jobs Investment Strategy and updates required by this section shall be submitted pursuant to Section 9795 of the Government Code.
The governing board shall have the authority to review and approve department recommendations for all funds distributed from the Building Homes and Jobs Trust Fund.

Article 2. Audits and Reporting

50475. The California State Auditor’s Office shall conduct periodic audits to ensure that the annual allocation to individual programs is awarded by the department in a timely fashion consistent with the requirements of this chapter. The first audit shall be conducted no later than 24 months from the effective date of this section.

50476. (a) In its annual report to the Legislature pursuant to Section 50408, the department shall report how funds that were made available pursuant to this chapter and allocated in the prior year were expended, including efforts to promote a geographically balanced distribution of funds. The report shall also assess the impact of the investment on job creation and the economy. With respect to any awards made specifically to house or support persons who are homeless or at-risk of homelessness, the report shall include an analysis of the effectiveness of the funding in allowing these households to retain permanent housing. The department shall make the report available to the public on its Internet Web site.

(b) (1) In the report, the department shall make a determination of whether any of the moneys derived from fees collected pursuant to Section 27388.1 of the Government Code are being allocated by the state for any purpose not authorized by Section 50470 and shall share the information with the county recorders.

(2) If the department determines that any moneys derived from fees collected pursuant to Section 27388.1 of the Government Code are being allocated by the state for a purpose not authorized by Section 50470, the county recorders shall, upon notice of the determination, immediately cease collection of the fees imposed by Section 27388.1 of the Government Code, and shall resume collection of those fees only upon notice that the moneys derived from fees collected pursuant to Section 23788.1 of the Government Code are being allocated by the state only for a purpose authorized by Section 50470.
SEC. 5. (a) The Legislature finds and declares that the housing market plays a critical role in the functioning of the California economy.

(b) The Legislature further finds and declares all of the following:

(1) The need for housing is something every Californian encounters.

(2) Adequate and stable housing is a crucial component of all Californians’ quality of life.

(3) The expenditure for housing is one of the largest expenses all Californians undertake in their day-to-day lives.

(4) Housing and housing-related activities are of such significant importance to the state that it warrants a clear and unified voice in state government.

(c) It is the intent of the Legislature to enact legislation that would create a Secretary of Housing within state government to oversee all activities related to housing in the state. In creating this position, it is the intent of the Legislature that all professional entities that play a role in the housing market would be authorized to be incorporated in order to have a clearer and more unified approach to housing in California.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIXB of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

SEC. 7. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to provide affordable housing opportunities at the earliest possible time, it is necessary for this act to take effect immediately.
IN BRIEF

The Building Homes and Jobs Act establishes a permanent funding source for affordable housing, through a fee on real estate transaction documents, excluding commercial and residential real-estate sales.

THE ISSUE

California has a housing affordability crisis.

- According to the Public Policy Institute of California (PPIC), as of February 2015, roughly 36% of mortgaged homeowners and approximately 48% of all renters are spending more than one-third of their household incomes on housing.
- California continues to have the second lowest homeownership rate in the nation and the Los Angeles metropolitan area is now a majority renter region. In fact, five of the eight lowest homeownership rates in the nation are in California metropolitan areas.
- California has 12% of the United States population, but 20% of its homeless population – 63% of these homeless Californians are unsheltered (the highest rate in the nation).
- At any given time, 134,000 Californians are homeless. California has 24% of the nation’s homeless veterans and one-third of the nations’ chronically homeless. The state also has the largest numbers of unaccompanied homeless children and youth, with 30% of the national total.
- For the first time, Standard and Poors Ratings Services cited California’s “Persistently high cost of housing” as contributing to a relatively weaker business climate and a credit weakness in the rating of California General Obligation bonds.

BACKGROUND

Increasing the construction, building, and availability of affordable housing is good for the economy, the budget, job creation, and families:

- The Bay Area Council, the Los Angeles Area Chamber of Commerce, the Los Angeles Business Council, the Orange County Business Council, and the Silicon Valley Leadership Group agree that less affordable housing impedes California businesses from attracting and retaining workers.
- On average, a single homeless Californian incurs $2,897 per month in county costs for emergency room visits and in-patient hospital stays, as well as the costs of arrests and incarceration. Roughly 79% of these costs are cut when that person has an affordable home.
- An estimated 29,000 jobs would be created annually for every $500 million spent on affordable housing.

THE SOLUTION

Increased and ongoing funding for affordable housing is critical to stabilize the state’s housing development and construction marketplace. If developers know that there is a sustainable source of funding available, they will take on the risk that comes with development — and create a reliable pipeline of well-paying construction jobs in the process.

The Building Homes and Jobs Act will utilize a pay as you go approach and generate hundreds of millions of dollars annually for affordable housing through a $75 fee on real estate recorded documents, excluding those documents associated with real estate sales. The fee is capped at $225 on a per parcel, per transaction basis. 50% of the funds will be distributed directly to local governments. 20% of the funds will be spent on affordable homeownership needs for a growing workforce and 10% of the funds will go to meet the affordable housing needs of agricultural workers and their families. The funds generated will leverage an additional $2 to $3 billion in federal, local, and bank investment.

FOR MORE INFORMATION

Zack Olmstead, Office of Speaker Toni G. Atkins
916 319 2078 | zachary.olmstead@asm.ca.gov
SUPPORT
Abode Communities
Access to Independence
A Community of Friends
Adventist Health
Affirmed Housing
Alameda County Housing Authority
American Federation of State, County, and Municipal Employees (AFSCME), AFL-CIO
American Planning Association California Chapter
Apartment Association of Greater Los Angeles
Aspiranet
Association of Bay Area Governments
Association of Regional Center Agencies
Bay Area Council
Biocom
Bridge Housing
Building Industry Association of Southern California
Burbank Housing Development Corp
Cabrillo Economic Development Corporation
California Apartment Association
California Association of Code Enforcement Officers
California Association of Food Banks
California Association of Housing Authorities
California Association of Local Housing Finance Agencies
California Association of Realtors
California Building Industry Association
California Coalition for Rural Housing
California Coalition for Youth
California College and University Police Chiefs Association
California Community Foundation
California Council of Carpenters
California Council of Community Mental Health Agencies
California Economic Summit
California Equity Leaders Network
California Housing Consortium
California Housing Partnership Corporation
California Infill Builders Federation
California Institute for Rural Studies
California Labor Federation
California Narcotics Officers Association
CA-NV Conference of Operating Engineers
California PACE Association (CalPACE)
California Partnership to End Domestic Violence
California Police Chiefs Association
California Rural Legal Assistance Foundation
California Special Districts Association
California State Association of Electrical Workers
California State Pipe Trades Council
California State Council of Service Employees International Union (SEIU)
Californians for Safety and Justice
Capitol Area Development Authority
C&C Development Company
Center for Sustainable Neighborhoods
Central City Association
Charities Housing
Christian Church Homes
Circulate San Diego
Cities Association of Santa Clara County
City Heights Community Development Corporation
City of Alameda
City of Albany
City of Berkeley
City of Chowchilla
City of El Centro
City of Emeryville
City of Eureka
City of Fairfield
City of Fremont
City of Glendale
City of Goleta
City of Indian Wells
City of Lafayette
City of Lakeport
City of Lakewood
City of Lodi
City of Los Altos
City of Los Angeles
City of Merced
City of Modesto
City of Morgan Hill
City of Mountainview
City of Napa
City of National City
City of Oakland
City of Pasadena
City of Rocklin
City of Sacramento
City of San Carlos
City of San Diego
City of San Leandro
City of Santa Barbara
City of Santa Monica
City of Santa Rosa
City of South San Francisco
City of Sunnyvale
City of Taft
City of Thousand Oaks
City of Torrance
City of Tulare
City of Turlock
City of Union City
City of Walnut Creek
City of West Hollywood
Coalition for Economic Survival
Community Action North Bay (CAN-B)
Community Corporation of Santa Monica
Community Economics, Inc.
Community Housing Works
Community Resource Center
Congregations Organizing for Renewal (COR)
Controller Betty Yee
Corporation for Supportive Housing (CSH)
County of Alameda
County of Contra Costa
County of Los Angeles
County Welfare Directors Association
Creswell Consulting
Department of Housing and Community Development of Los Angeles
Dignity Health
Downtown Sacramento Partnership
Downtown Women's Center
EAH Housing
East Bay Housing Organizations
East LA Community Corporation
Eden Housing
Enterprise Community Partners
Equity Community Builders
EveryOne Home (Homeless Continuum of Care for Alameda County)
Girls Think Tank
Habitat for Humanity California
Habitat for Humanity Greater San Francisco
Hampstead Companies
Heaven's Windows
Hello Housing
Highridge Costa Partners, LLC
HOPE (Home Ownership for Personal Empowerment)
House Farm Workers!
Housing Authority of the City of Los Angeles
Housing Authority of the County of San Bernardino
Housing California
Housing Choices Coalition
Housing Consortium of the East Bay
Housing Land Trust of Sonoma County
Housing Leadership Council of San Mateo County
Housing of Merit
Hunger Advocacy Network
Iglesia Adventista del Septimo Dia
Individual Supporters (Mary Brooks, Greg Hoyte, Nancy Heastings, Jeanne Marie Coronado, Jean Hom)
Inquilinos Unidos
Interfaith Community Services
Irvine Community Land Trust
Jewish Family Services of San Diego
Larkin Street Youth Services
Laurin Associates
Leadership Counsel for Justice & Accountability
LeadingAge California
League of California Cities
League of Women Voters of California
LINC Housing
LISC San Diego
Little Tokyo Service Center
Loma Linda University Health
Los Angeles Business Council
Los Angeles Community Action Network
Los Angeles Homeless Services Authority
MAAC
Many Mansions (Ventura County)
Mayor, City of Fresno-Ashley Swearengin
Mayor, City of Long Beach-Robert Garcia
Mayor, City of Los Angeles-Eric Garcetti
Mayor, City of Oakland-Libby Schaaf
Mayor, City of Sacramento-Kevin Johnson
Mayor, City of San Francisco-Ed Lee
Mayor, City of San Jose-Sam Liccardo
Mayor, City of Santa Ana-Miguel Pulido
Mayor, City of Santa Barbara-Helene Schneider
Mayor, City of Torrance-Patrick Furey
Mental Health America of California
Mercy Housing California
MidPen Housing Corporation
Mutual Housing California
National Association of Social Workers, California Chapter
National Community Renaissance
National Council of La Raza
Natural Resources Defense Council (NRDC)
Non-Profit Housing Association of Northern California (NPH)
North Bay Leadership Council
Northern California Community Loan Fund
Opportune Companies
Orange County Employees Association
Orange County Business Council
Pacific West Communities

June 17, 2015
PATH
PATH Ventures
PEP Housing
PolicyLink
Private Essential Access Community Hospitals (PEACH)
Promise Energy, Inc.
Public Interest Law Project
Related California
Rural Community Assistance Corporation (RCAC)
Rural Smart Growth Task Force
Sacramento City Councilmember Jeff Harris
Sacramento Homeless Organizing Committee
Sacramento Housing Alliance
Safe Alternatives to Violent Environments (SAVE)
San Diego Community Land Trust
San Diego Habitat for Humanity
San Diego Housing Commission
San Diego Housing Federation
San Diego Hunger Coalition
San Diego and Imperial Counties Labor Council, AFL-CIO
San Diego Organizing Project
San Diego Regional Chamber of Commerce
San Francisco Chamber of Commerce
San Francisco Unified School District
Santa Clara County Board of Supervisors
Satellite Affordable Housing Associates
Self-Help Enterprises
s.f.citi (San Francisco Citizens Initiative for Technology and Innovation)
Sierra Business Council
Silicon Valley Bank
Silicon Valley Leadership Group
Skid Row Housing Trust
Social Justice Alliance of the Interfaith Council of Contra Costa County
South Bay Community Services
Southern California Association of Non Profit Housing
St. Anthony Foundation
State Building and Construction Trades Council, AFL-CIO
Strategic Actions for a Just Economy
Sutter Health
T.R.U.S.T. South LA
The ARC and United Cerebral Palsy California Collaboration
Transform
Treasurer John Chiang
UCSF Benioff Children’s Hospital Oakland
United Way of Greater Los Angeles
United Way of San Diego County
Valley Industry & Commerce Association (VICA)
Wakeland Housing and Development Corporation
Western Center on Law and Poverty
Western Regional Advocacy Project
Western States Council of Sheet Metal Workers
West Hollywood Community Housing Corporation
Winter Nights Shelter
Women Organizing Resources, Knowledge and Services (WORKS)

OPPOSITION
American Resort Development Association
California Business Properties Association
California Escrow Association
California Land Title Association
California Mortgage Association
California Taxpayers Association
City of Banning
City of Camarillo
Community Associations Institute
Contra Costa County Clerk-Recorder-Elections Department
County of Butte
County of Calaveras, Clerk Recorder
County of Glenn, Clerk-Recorder
County of Orange
County of Sacramento, County Clerk/Recorder Department
County of Tuolumne, Office of Assessor-Recorder
County of Yuba, Clerk Recorder – Registrar of Voters
County Recorders Association of California
Educational Community for Homeowners (ECHO)
Fresno County Assessor-Recorder
Howard Jarvis Taxpayers Association
Inyo County Clerk/Recorder Kammi Foote
Monterey County, Office of the County Recorder
National Federation of Independent Business
Orange County Clerk-Recorder Hugh Nguyen
2015 LEGISLATIVE PRINCIPLES

The Legislative Platform aligns with the County’s legislative principles. These principles serve as a guide for the County in developing a position on any forthcoming federal and state legislation.

❖ JOB GROWTH/ECONOMIC VITALITY: Continue to support the development of employment opportunities, and support efforts to promote local business and job growth in an endeavor to decrease the unemployment rate and heighten individual and community economic vitality. Foster interaction and dialogue with public, private, and nonprofit sectors, with a focus on the pursuit of and advocacy for economic vitality and innovation. Support necessary infrastructure development projects as a job creator and economic engine which increases economic vitality across multiple industries and markets.

❖ EFFICIENT SERVICE DELIVERY/OPERATIONS: Striving to balance the diversity of needs countywide, support efforts to streamline processes and promote operational enhancements relevant to County departments’ missions and core services by thoroughly evaluating legislation, and if warranted, consider opposition to legislation that creates undue fiscal and operation burdens on individual departments.

❖ FISCAL STABILITY: Support efforts to generate new intergovernmental revenue and/or enhance existing revenue/reimbursement levels and oppose the loss of, or redirecting of, existing revenue and/or the creation of additional unfunded mandates to the County. Such efforts also include supporting a majority state budget vote requirement and a timely adoption of the state budget before the new fiscal year begins.

❖ INTER-AGENCY COLLABORATION: Partner with neighboring cities on infrastructure and other large-scale projects when possible. Support the advocacy efforts of such organizations as the: California State Association of Counties (CSAC), National Association of Counties (NACO), Santa Barbara County Association of Governments (SBCAG), First 5 Santa Barbara, and other local and regional agencies. Collaborate with other institutions and entities on mutually beneficial issues such as transportation, housing, protection of children, the elderly and other “at risk” populations while upholding the principles of efficient service delivery and operations, fiscal stability and local control.

❖ LOCAL CONTROL: Ensure local authority and control over governance issues, land use policies and the delivery of services, including flexibility and customization in designing and implementing policies and services that are responsive to the community’s preferences. Secure where appropriate, direct distribution of federal funds to local governments rather than state pass-throughs. Support efforts to maximize local control to ensure safe and effective speed limits.

❖ HEALTH AND HUMAN SERVICES: Support efforts to maintain and enhance “safety net” services that protect the most vulnerable within a community, including children, the elderly and other “at risk” populations. Such services in the area of health and human assistance include, but are not limited to, preventive and emergency health care to the uninsured and underinsured; HIV/AIDS programs; maternal and children health; adult protective services; dependent care; child welfare services; adoptions and foster care; food stamps and unemployment assistance and workforce development. The County supports collaboration between the federal, state and local governments in the delivery and funding of such services. The County opposes the further erosion in federal and state funding of these vital services.

❖ COMMUNITY SUSTAINABILITY: Support efforts to foster community-wide sustainability by promoting economic stability and environmental stewardship through participation in the growing green economy. Continue to engage in federal and state deliberations to ensure that local government receives the economic and financial benefits associated with new policies. Support efforts to catalyze community renewal, redevelopment and reinvestment, incubate and support innovative businesses, reduce greenhouse gas emissions, and incentivize energy efficiency, water conservation, and the use of renewable energy. Recognize the need to promote mutually beneficial partnerships with public, private, and nonprofit sectors to maintain and protect agricultural and rural resources, housing, coastal areas, and bio-diversity. These collective efforts aim to engender healthy communities by balancing social well-being, economic prosperity, and environmental responsibility. Support actions to secure sustainable water supplies throughout the region through ensuring both reliable quality and quantity, and promoting best practices for water conservation measures.
2016 Legislative Platform Development Plan

- **August 3, 2015**
  - LPC Meeting
  - Review timeline, principles & identify any needed planks.

- **September 14, 2015**
  - LPC Meeting
  - Review all submitted planks.

- **October 5, 2015**
  - LPC Meeting
  - Review & Comment on LPC Draft 2016 Legislative Platform

- **November 3, 2015**
  - BOS Hearing
  - Review & comment on Draft 2016 Legislative Platform

- **December 7, 2015**
  - LPC Meeting
  - Incorporate BOS comments and Finalize 2016 Legislative Platform for BOS Consideration

- **January 12, 2016**
  - BOS Hearing
  - Consider & approve 2016 Legislative Platform.

*Updated: July 28, 2015*