

TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate
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RE: May 2014 State Update

DATE: May 28, 2014

As we move into the summer, the Administration has released its May Revise, the Assembly has elected a new speaker and the budget conference committee is scheduled to begin. With the May Revise release we are seeing that the State is not only back in the black, but has a significant surplus. The new Speaker was sworn-in on May 12th and now detailed leadership discussions will take place on the final budget, the water bond, what bills will be eligible to move to the second house, just to name a few.

There are three policy areas/political votes where the legislature will need a 2/3rd vote. With a contentious election right around the corner, there is a lot of pressure. These are the “rainy day fund”, water bonds and what to do with the Cap and trade revenues. The rainy day fund has been addressed, they reached a deal and it has been voted on. Water bonds are an on-going discussion but nothing has yet to be agreed upon. The cap and trade is also part of the budget discussion and will likely be worked out with leadership, there are four proposals right now, and it is just a matter of what is actually agreed to. We have only seen some frame work ideas, nothing concrete as of yet and are told they will be part of the budget in a trailer bill, so that can come after the budget is sent to the Governor.

The Rainy Day plan, if approved by voters, would set aside 1.5% of general fund revenue each year, in addition to spikes in revenue from capital gains taxes. Half the money would be deposited into a reserve fund and the other half would be used to pay off debt and cover long-term costs such as pensions for public employees.

According to estimates by the Brown administration, \$1 billion will be set aside annually for each of those purposes over the next few years. Deposits into the reserve fund could be suspended and money could be withdrawn when revenue fails to keep pace with spending. This will be on the November 2014 ballot for the voter’s consideration.

BUDGET

The Senate closed out their sub-committees last week and their full budget was finalized, while it mostly will not match up with the Assembly, they will be closing theirs out today. Then all and any outstanding issues will be negotiated by leadership as the budget conference committee begins its work. We understand that given all of the budget items on the table and the fact that California has a surplus, there will be very contentious debates with the “Big Five” which consists of the Governor and the leaders in both houses from each party; however this “Big Five” will also include the incoming President Pro-tem, Senator Kevin DeLeon (D-Los Angeles).

We are told that the legislature would like to see \$800 million in budget restorations, mostly to our social services safety net. The Governor is not inclined to support this and with his blue pencil authority, these items will have to be hammered out carefully prior to June 15, 2014. The legislature has been warned that anything other than what the Governor has proposed may put the state's credit rating in jeopardy, so this will need to be a consideration as well.

Conference Committee is scheduled to begin on Thursday, May 29th, but they usually don't start on time. We are still waiting for the conferees to be named and the agenda to be finalized. They should work for a week or so, as you know they are running against the June 15th deadline, so the clock is ticking.

Once we are able to obtain the agenda we will work with staff to determine what the potential impacts of this budget will be for the County. We understand that both Senator Jackson and Assembly Member Williams are pushing hard for budget language to address our Lake Cachuma problems, so we are hopeful that they are successful.

WATER

With the June 26, 2014 deadline for the November ballot rapidly approaching, we are still waiting to see what, if anything emerges as the anointed water bond. Debates are still taking place, bills are still moving in hopes of reaching an agreement, but nothing has surfaced as of yet.

In terms of an update on Lake Cachuma, we are continuing to work closely with the Governor's staff and our delegation. Our delegation is meeting today with the Administration as a follow-up to the many conversations; we hope to be briefed once this meeting has happened. We will continue to work with them and your staff on finding a workable solution.

Bills of Interest to the County

AB 919 (Williams) This bill was a two year bill, but successfully moved to the second house in January. It will be heard in the Senate Governance and Finance Committee later this spring or early summer. The bill Enables a "qualified veteran" to receive from the state a "qualified repayment" of state and local sales taxes paid to the State Board of Equalization (BOE) during the eight-year period beginning on and after April 1, 2002, and before April 1, 2010. The bill is sponsored by the State Board of Equalization and has had unanimous support to date. The bill is supported by the County.

AB 1799 (Gordon) This bill was introduced to allow for greater use of tax payer dollars. As of late, the Department of Fish and Wildlife have moved to a very aggressive form of endowments for mitigation, therefore locking up precious resources in perpetuity. Local governments are charged with careful use of tax payer dollars and as such many believe it is an inappropriate use of those dollars to lock them up so DFW can utilize the interest earned to take care of any potential mitigation issues. The bill is not intended to have public agencies get out of covering mitigation costs, simply to use those dollars more appropriately. There are many safe guards in

the bill to ensure that they are still responsible for those projects in perpetuity. The bill was referred to Assembly Local Government Committee where it passed unanimously. The bill was held on the Assembly suspense file on May 23, 2014, so the bill is now dead. There was some opposition, which we are continuing to work with to try and find a solution as there is a plan to try to reintroduce this bill next year. The bill is sponsored by the Santa Clara Valley Water District and is supported by the County.

AB 1970 (Gordon) This bill proposes to create the Community Investment and Innovation Program which will provide funding to local governments in the form of grants and other financial assistance to develop and implement greenhouse gas (GHG) emission reduction projects. The bill is supported by the County and had bi-partisan support to date. However, the bill was held on the Assembly Suspense file on May 23, 2014, the bill is dead for this year.

AB 2026 (Stone) This bill allows for safeguards to individual mobile home owners by decreasing their reliance on mobile home park management when attempting to sell their mobile home. The bill is supported by the County and is sitting on the Assembly floor awaiting action.

AB 2119 (Stone) This bill would authorize a county board of supervisors to levy, increase, or extend a transactions and use tax (TUT), for general or specific purposes, within the unincorporated area of the county, if the ordinance proposing the tax is approved by the qualified voters of the unincorporated area. The bill is sitting on the Assembly Floor awaiting a vote.

AB 2373 (Hernandez) This bill requires every county to provide its probation officer with the resources the probation officer needs to properly discharge his or her responsibilities or provide notification that it does not have the resources available to do so. The bill is opposed by the County, the bill was held on the Assembly Appropriations suspense file, so the bill is dead for this year.

AB 2455 (Williams) This bill changes the Community Services District Law that specifies that those boards must have 5 board members, AB 2455 would allow this special district to drop down to 3 board members until January of 2035. This will allow the District to conduct its regularly scheduled business which they are unable to do at this time. The bill is supported by the County and is currently sitting in the Senate where it will be heard in Senate Governance and Finance Committee this summer.

SB 270 (Padilla) This bill is the compromise bill prohibiting stores from allowing single-use carry-out bags. This bill would require stores that have gross sales at a specific price point to allow customers to purchase bags, but they will not have them available for free. As mentioned, this is the compromise bill between government and industry as well as the “mom and pop” stores. The bill was heard in the Assembly Natural Resources Committee, after a lengthy debate, the bill was passed to the Assembly Appropriations Committee. This bill is supported by the County. We will keep you updated on its progress; there is a very aggressive campaign that has been put together in opposition of this bill, so the debate will be contentious.

SB 498 (Lara) This bill is a reintroduction of SB 801 that the county supported last year. Unfortunately, due to last minute amendments the Governor vetoed SB 801. The Senator met with stakeholders over the fall and this is the compromise bill. The bill is sitting in the Assembly

and has been referred to Assembly Natural Resources Committee and the Committee on Environmental Safety and Toxics Materials. SB 498 will help to facilitate the development of cleaner and more efficient technologies in California for converting biomass materials into renewable energy by expanding the definition of biomass to include non-combustion conversion technology. The County is supporting the bill.

SB 929 (Jackson) This bill establishes the Distinguished after School Health (DASH) Recognition Program within the Department of Public Health in consultation with the Department of Education, as appropriate. It allows after-school programs to apply for DASH certification by self-certifying to meeting the requirements of the program. It also requires DASH-certified programs to recertify every year. Additionally, it requires DPH to maintain and update a list of DASH-certified programs on its Internet Web site. The bill is supported by the County and passed off of Senate Floor on May 27, 2014.

SB 1014 (Jackson) This bill would require the Department of Resources Recycling and Recovery (CalRecycle) to develop regulations for programs that collect and dispose of home-generated pharmaceutical waste (HGPW). This bill would declare that a collection program in compliance with these regulations would be considered in compliance with all state laws and regulations concerning the handling, management, and disposal of HGPW. This bill is supported by the County and is currently sitting on the Senate floor awaiting a vote.

SB 1451 (Hill) This bill would require the Secretary of the Natural Resources Agency, on or before January 1, 2016, and on or before January 1 of each year thereafter, to submit to the Legislature a report on the types and effectiveness of a representative sample of mitigation measures adopted by state and local agencies. This bill was heard in Senate Environmental Safety on April 30, 2014, where it passed, but the bill was pulled from Senate Judiciary Committee, so the bill will most likely die at the end of this week.

Conclusion

May 30, 2014 is the house of origin deadline, so we will wait to see what moves to the second house. We anticipate that hundreds of bills will be voted on this week alone. With Budget Conference Committee beginning late this week, the budget will be the main focus for the next couple of weeks. Assuming there is a budget, the legislature will recess for the summer break on July 3, 2014 and return on August 4, 2014. We adjourn for the year on August 31, 2014; keep in mind this is the second year of the two year session, so there is a lot of anxiety to get bills to the Governor, especially from those members that are termed out this year. As always, if you or your staff has any questions, please let us know.