

TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate
Kristina Gallagher

RE: 2017 January Update

DATE: January 31, 2017

The Legislature returned to Sacramento on January 4th for the first year of the 2017-18 Session. The new Session is focused on anticipated action from the new Federal Administration and Congress. Potential changes in the Affordable Care Act, climate change and global warming, and immigration have gotten the immediate attention of the Legislative Leadership and the Governor. They have made it clear that they intend to challenge federal action on these issues to the extent that they can. One of the major uncertainties is whether the Affordable Care Act will be repealed, the timing and what they will replace it with if anything.

Immigration is an extremely contentious issue and the Legislature is rapidly moving a series of bills intended by the authors to protect the rights of California immigrants. Hearings in the Senate Judiciary and Public Safety Committees this week moved forward SB 6 (Hueso), SB 31 (Lara) and SB 54 (De Leon). Next week the Assembly Public Safety Committee will hear AB 3 (Bonta).

On January 24th, the Governor gave his annual state of the state address emphasizing that California will defend its program and policies from the federal administration to protect the undocumented immigrants, health care and climate change. The Governor committed to "defend everybody - every man, woman and child - who has come here...and has contributed to the well-being of our state." The Legislature also moved rapidly to hear the nomination of Xavier Becerra, appointed by Governor Brown to replace Kamala Harris. The new Attorney General was confirmed by the Legislature last week and sworn in by the Governor just before the Governor presented his State of the State.

On January 10, 2017 the Governor released his 2017-18 budget which proposed \$122 billion in state General Fund expenditures. The Department of Finance Director Michael Cohen came by CSAC and spoke about the reasons why the Department and Administration put together a more conservative budget this year. He emphasized that the Department of Finance showed revenues declining from earlier projections in income, sales and corporation tax in the past months since the June budget has been enacted. He discussed that the Governor has pulled back one-time funding, reduced spending growth and discontinued the Coordinated Care Initiative (CCI) and eliminated the In-Home Supportive Service (IHSS) maintenance of effort (MOE) resulting in approximately \$625 million in new county costs statewide for 2017-18 and approximately \$4.4 billion over the next six years, which is a major concern to counties.

He also mentioned that there are major uncertainties with how many federal cuts the State will have to take due to the new Administration in Washington, adding that the Department of

Finance and the Governor's Office will reevaluate the budget in the May Revise as they will have better knowledge than of what will develop further. Meanwhile, the Legislature will now begin their budget subcommittee process in both houses in order to review and propose edits to the Governor's proposed budget.

The Senate Transportation and Housing Committee held an informational hearing on California roads, bridges and funding shortfall which emphasized on last year's unsuccessful special session on transportation and the necessity for transportation funding. SB 1 (Beall) has been referred to the Senate Rules Committee that has been said to be set on February 14th, while AB 1 (Frazier) has been referred to the Assembly Transportation and Natural Resources Committees with no date yet set. The legislation proposes an additional \$6 billion annually for road repairs and mass transit while the Governor's proposal includes only \$4.3 billion per year which is a concern due to the State's \$5.7 billion in unfunded repairs. The legislation's \$6 billion dollars in revenue would be created by increases to taxes on gas, diesel, and vehicle fees.

Legislators have been able to introduce bills since the commencement of the 2017 Legislative Session on December 5, 2016. Through January 31, there have been 265 Assembly Bills introduced and 204 Senate Bills introduced (for a total of 469 bills). The last day to submit bills into the Office of Legislative Counsel was January 20th, while the deadline for introducing new bills is Friday, February 17 (absent a rule waiver). We have confirmed that the County's new Assemblymember Monique Limon (D-Santa Barbara) will be reintroducing the former AB 514 that was carried by former Assemblymember Das Williams in 2015, which would allow Counties to assess larger administrative fines for violations of county ordinances that govern building and safety, brush removal, grading, film permitting and zoning.

Transportation

Caltrans, the state's Transportation Department, maintains 50,000 lane-miles of highway and nearly 13,000 state-owned bridges. While the repair, maintenance and efficient operation of the state's highway system are vital to the state's continued economic growth, current funding fails to adequately fund this necessary work. The Governor's proposed budget is set to fund only \$4.3 billion of work—leaving \$1.4 billion in unfunded repairs each year.

AB 1 (Frazier) and SB 1 (Beall) proposes an additional \$6 billion annually for road repairs and mass transit, by readjusting the state's obsolete gas tax and reform the user-pays system to ensure all motorists contribute their fair share to the maintenance of the roads. Six billion dollars in revenue would be created by increases to taxes on gas, diesel, and vehicle fees. Among them:

- Increasing the per-gallon gas tax by 12 cents in phases over three years; 6 cents the first year to 9 cents in the second year and 12 cents in the third year. Ending Board of Equalization's annual adjustment of the price-based per-gallon gas excise tax rate to 17.3 cents. The two changes would raise \$2.9 billion annually.
- Increasing the diesel excise tax by 20 cents and the sales tax by 4 percent; raising \$853 million in revenue annually.
- Increase of \$38 in the annual vehicle registration fee with an inflation adjustment, as provided.

- Enacting an annual \$100 (Beall) or \$165 (Frazier) fee on zero-emission vehicles and increase annual registration fee for all vehicles by \$38 per vehicle, raising about \$1 billion annually.

Budget

The Governor released his 2017-18 budget on January 10, 2017, which proposed \$122 billion in state General Fund expenditures, and an overall \$179 billion budget for the 2017-18 fiscal year . The Governor's budget assumes that there are no Federal changes.

Highlights include:

- **Rainy Day Fund:** With a \$1.15 billion deposit in the budget, the Rainy Day Fund will total \$7.9 billion by the end of 2017-18. While a full Rainy Day Fund might not eliminate the need for further spending reductions in case of a recession or major federal policy changes, placing money in the Rainy Day Fund will allow the state to soften the possibility of necessary cuts.
- **Transportation** - The budget reflects the Governor's transportation package which was first proposed in September 2015, which would provide \$4.2 billion annually to improve the maintenance of highways, local roads, and expand public transit.
- **Cap and Trade** - The state has appropriated \$3.4 billion in cap-and-trade auction proceeds to help reduce greenhouse gas emissions, with funding prioritized in disadvantaged communities. The Administration proposes two-thirds urgency legislation to confirm the program's continued authority beyond 2020. Assuming approval, the budget proposes \$2.2 billion in expenditures from auction proceeds, with a continued emphasis on low-income and disadvantaged communities.
- **Emergency Drought Response** – The proposed budget includes an overall amount of \$178.7 million in emergency drought funding for a variety of different program areas, including local assistance for small water systems, tree mortality and enhanced fire protection and funding to implement the Governor's Executive Order on water conservation.
- **Tree Mortality** – The state specifically appropriated \$91 million for 2017-18 budget, opposed to the \$90 million from the 2016-17 budget. The state is continuing the California Disaster Assistance Act (CDAA) Funding.
- **Health Care Expansion** - Under the optional expansion provisions of the federal Affordable Care Act, the budget increases enrollment of this Medi-Cal population to 4.1 million Californians, with the state's General Fund share of cost increasing from \$888 million to nearly \$1.6 billion.
- **Discontinuing of the CCI** - The discontinuing of the Coordinated Care Initiative will not impact directly current benefits and services people with disabilities and seniors receive, including those from In-Home Supportive Services (IHSS), but it will discontinue the

enhanced rates for health plans and will return the collective bargaining back to the Counties.

- **Discontinuing of the County IHSS MOE (statewide authority)** – The State will return Collective Bargaining to Counties and will reestablish the state-county share of cost arrangement for the IHSS program that existed prior to the implementation of the Coordinated Care Initiative. Counties will be responsible for the payment of 35% of the nonfederal portion of program costs through 1991 Realignment. Based on current estimates, growth in 2017-18 realignment revenues alone will not be sufficient to cover the additional IHSS costs. As a result, according to the Governor’s proposed 2017-2018 State Budget plan, this change is likely to result in financial hardship and cash flow problems for counties. The Administration says it is prepared to work with counties to mitigate, to the extent possible, the impact of returning a share of the fiscal responsibility for IHSS to counties.

No Place Like Home

No Place Like Home divides potential bond funding into a competitive pot of \$1.8 billion and a non-competitive pot of \$200 million, which counties will compete for within their own population tier with Los Angeles being in a tier of their own.

The financing portion of the No Place Like Home program concludes that the California Health Facilities Financing Authority (CHFFA) will sell the bonds and utilize MHSA funding to finance those costs, while the Department of Housing and Community Development (HCD) will receive the bond revenue and develop the guidelines for disbursing the money to the counties, as well as be held accountable for housing built.

The program is currently beginning to release framework draft paper that states the summary, goals and proposed timeline. On January 3, 2017 the Department began taking public commentary through a series of workshops throughout the state, and they are currently still developing an advisory committee. In the spring of 2017, the Department will start to develop the guidelines for the program and will approximately be releasing Notice of Funding Availability (NOFA) in the winter of 2018.

New Introduced Bills of Possible Interest to the County

AB 1 (Frazier) The County is in strong support of the transportation funding as a whole that would provide infrastructure funding to maintain and improve local streets, roads and state highways. The legislation proposes an additional \$6 billion annually for road repairs and mass transit, by readjusting the state’s obsolete gas tax and reform the user-pays system to ensure all motorists contribute their fair share to the maintenance of the roads. The bill has been referred to the Assembly Transportation and Assembly Natural Resources Committees with no date yet set.

AB 3 (Bonta) This bill would require the department or a nonprofit organization contracting with the department, to issue requests for proposal and issue grants to qualified legal services projects, qualified support centers, or county offices of the public defender that meet specified requirements, to expand their programs in order to serve as regional centers capable of providing

legal training, written materials, mentoring, and technical assistance to county offices of the public defender in this state on issues relating to the immigration consequences of criminal convictions.

AB 18 (E. Garcia) Would enact the California Clean Water, Climate, and Coastal Protection and Outdoor Access For All Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of \$3,005,000,000 pursuant to the State General Obligation Bond Law to finance a clean water, climate, and coastal protection and outdoor access for all program.

AB 28 (Frazier) The bill specifies that Caltrans has full possession and control of state highways and would re-enact the Caltrans' authority to waive its right to sovereign immunity from lawsuits brought in federal court so that it can continue indefinitely to assume the role of the United States Department of Transportation (U.S. DOT) for National Environmental Policy Act (NEPA) decision making. The legislation will most likely be fast tracked through the Legislature in order for counties to continue their bridge and safety projects.

AB 35 (Quirk) The bill would state the intent of the Legislature to enact legislation that would require agencies implementing energy efficiency programs to establish metrics and collect and use data systematically across those programs to increase the performance of those programs in low-income communities.

AB 55 (Thurmond) The California Refinery and Chemical Plant Worker Safety Act of 1990 requires every petroleum refinery employer to, every September 15, submit to the Division of Occupational Safety and Health a full schedule for the following calendar year of planned turnaround. The employer is also required, upon the request of the division, to provide the division with specified documentation relating to a planned turnaround within a certain period of time, as provided. This bill would require that the documents to be provided to the division upon request also include all documentation necessary to demonstrate compliance with the above-described skilled and trained workforce requirements.

AB 59 (Thurmond) Under the Local Housing Trust Fund Matching Grant Program, the department is authorized to make matching grants available to cities, counties, cities and counties, and existing charitable nonprofit organizations that have created, funded, and operated housing trust funds. This bill would recast these provisions to instead authorize the department to make grants to eligible recipients, defined as cities that meet specified criteria and charitable nonprofit organizations organized under certain provisions of the Internal Revenue Code that apply jointly with a qualifying city, that have created or are operating or will operate housing trust funds.

AB 64 (Bonta) Existing law, the Medical Cannabis Regulation and Safety Act (MCRSA), authorizes a person who obtains both a state license under the MCRSA and the relevant local license to engage in commercial medical cannabis activity pursuant to those licenses, as specified. This bill would specify that licensees under the MCRSA may operate for profit or not for profit.

AB 71 (Chiu) For calendar years beginning 2018, would increase the aggregate housing credit dollar amount that may be allocated among low-income housing projects to \$300,000,000, as

specified, and would allocate to farmworker housing projects \$500,000 per year of that amount. 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.

AB 72 (Santiago) Current law provides that the Attorney General has charge of all legal matters in which the state is interested, except as specified. This bill would appropriate money from the General Fund to the Attorney General to fund the Attorney General's duties in enforcing specified laws relating to housing. The bill would require the Attorney General to report to the Assembly Committee on Housing and Community Development and the Senate Committee on Transportation and Housing on or before December 31, 2018, and each year thereafter on the expenditure of the funds.

AB 74 (Chiu) Would require Department of Housing and Community Development to, on or before October 1, 2018, establish the Housing for a Healthy California Program and on or before April 1, 2019, and every year thereafter, subject to on appropriation by the Legislature, award grants on a competitive basis to eligible grant applicants based on guidelines that HCD would draft, as prescribed, and other requirements. The bill would provide that an applicant is eligible for a grant under the program if the applicant meets specified requirements. This bill contains other related provisions.

AB 76 (Chau) Would state the intent of the Legislature to introduce legislation relating to the prohibition of the marketing of adult-use marijuana to children.

AB 151(Burk) Would state the intent of the Legislature to enact legislation that authorizes the State Air Resources Board to utilize a market-based compliance mechanism after December 31, 2020, in furtherance of the statewide greenhouse gas emissions limit of at least 40% below the 1990 level by 2030.

AB 154 (Levine) Would authorize a defendant who is or has been eligible for public mental health services due to a serious mental illness or who is eligible for Social Security Disability Insurance benefits due to a diagnosed mental illness to petition the court, after the defendant's plea or conviction but prior to sentencing, for a sentence that includes mental health treatment. The bill would authorize a court, if it finds that the defendant has shown that he or she meets the criteria by a preponderance of the evidence, to order the Department of Corrections and Rehabilitation or the county authority to provide specified mental health service, including placement in a residential mental health treatment facility instead of state prison or county jail, placement in a mental health program within the state prison or county jail, or preparation of a post release mental health treatment plan.

AB 160 (Stone) Would provide that a parent or caretaker relative shall not be eligible for CalWORKs aid when he or she has received aid for a cumulative total of 60 months. This bill would increase the amount of exempted disability-based unearned income and other earned income, as specified. The bill would also make other, conforming changes. By increasing county administrative duties relating to the CalWORKs program, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

AB 164 (Arambula) Current law establishes the CalFood Program, formerly known as the State Emergency Food Assistance Program, administered by the State Department of Social Services, whose ongoing primary function is to facilitate the distribution of food to low-income households. This bill would require the department to develop a system to respond to changing needs for food assistance and to provide benefits for specific needs. The bill would set forth criteria for the system, including requiring the system to be compatible with and utilize the EBT in accordance with federal law governing the use of EBT.

AB 175 (Chau) Would require a manufacturer, prior to introducing an edible marijuana product into commerce in California, to submit the packaging and labeling to the Bureau of Marijuana Control for approval and would require the bureau to determine whether the packaging and labeling are in compliance with the requirements of prescribed provisions of AUMA, including the requirements that the packaging be child resistant and not attractive to children, as specified. This bill contains other related provisions and other existing laws.

AB 184 (Berman) Current law requires that various public agencies and private entities provide to the Natural Resources Agency, on a biannual basis, sea level rise planning information, as defined, that is under the control or jurisdiction of the public agencies or private entities, and requires the agency to determine the information necessary for inclusion in the database, as prescribed. Existing law repeals these provisions on January 1, 2018.

AB 191 (Wood) The Lanterman-Petris-Short Act authorizes a person who has been detained for 72 hours and who has received an evaluation to be certified for not more than 14 days of intensive treatment related to the mental health disorder or impairment by chronic alcoholism under specified conditions. Current law further authorizes the person to be certified for an additional period not to exceed 14 days if that person was suicidal during the 14-day period or the 72-hour evaluation period, or an additional period not to exceed more than 30 days under specified conditions. Current law requires, for a person to be certified under any of these provisions, a notice of certification to be signed by 2 people, and, in specified circumstances, authorizes the 2nd signature to be from a licensed clinical social worker or a registered nurse who participated in the evaluation. This bill would include a licensed marriage and family therapist and a licensed professional clinical counselor in the list of professionals who are authorized to sign the notice under specified circumstances.

AB 196 (Bigelow) Current law requires moneys from the Greenhouse Gas Reduction Fund to be allocated for the purpose of reducing greenhouse gas emissions in this state and satisfying other purposes. Current law authorizes specified investments, including water use and supply, if the investment furthers the regulatory purposes of the California Global Warming Solutions Act of 2006 and is consistent with law. This bill would authorize the use of the moneys in the fund for water supply repairs if the investment furthers the regulatory purposes of the act and is consistent with law.

SB 1 (Beall) The legislation proposes an additional \$6 billion annually for road repairs and mass transit, by readjusting the state's obsolete gas tax and reform the user-pays system to ensure all motorists contribute their fair share to the maintenance of the roads. The bill has been referred to

the Senate Rules Committee that has been said to be set on February 14th, although there is no official date.

SB 2 (Atkins) 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.

SB 3 (Beall) Would enact the Affordable Housing Bond Act of 2018, which, if adopted, would authorize the issuance of bonds in the amount of \$3,000,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance various existing housing programs, as well as infill infrastructure financing and affordable housing matching grant programs, as provided. This bill contains other related provisions.

SB 5 (De Leon) Would enact the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of \$3,000,000,000 pursuant to the State General Obligation Bond Law to finance a drought, water, parks, climate, coastal protection, and outdoor access for all program.

SB 6 (Hueso) Would require the State Department of Social Services to either contract with qualified nonprofit legal services organizations, or contract with a nonprofit agency to administer funding to nonprofit legal services organization subcontractors, to provide legal services to individuals in removal proceedings who are not otherwise entitled to legal representation under an existing local, state, or federal program.

SB 8 (Beall) Would authorize a court, with the consent of the defendant and a waiver of the defendant's speedy trial right, to postpone prosecution of a misdemeanor or a felony punishable in a county jail, and place the defendant in a pretrial diversion program if the court is satisfied the defendant suffers from a mental disorder, that the defendant's mental disorder played a significant role in the commission of the charged offense, and that the defendant would benefit from mental health treatment. The bill would allow the defense to arrange, to the satisfaction of the court, for a program of mental health treatment utilizing existing inpatient or outpatient mental health resources.

SB 29 (Lara) Current law authorizes a county board of supervisors on behalf of its sheriff, and a legislative body of a city on behalf of its chief of police, to contract to provide supplemental law enforcement services to private individuals, private entities, and private corporations in specified circumstances and subject to certain conditions. This bill would, commencing on January 1, 2019, prohibit a city, county, or city and county, or a local law enforcement agency from entering into, renewing, or extending the length of a contract with a private corporation, contractor, or vendor to detain immigrants in civil immigration proceedings for profit.

SB 30 (Lara) Current law establishes the border between the United States and Mexico, which includes the southern border of California. This bill would require any federally funded infrastructure project along California's southern border that exceeds a cost of \$1 billion to first be approved by a majority of the voters voting on the issue at a statewide general election.

SB 31 (Lara) Current law prohibits a state agency from including a question regarding an applicant's race, sex, marital status, or religion in any application form for employment. This bill would prohibit a state or local agency or a public employee acting under color of law from providing or disclosing to the federal government personally identifiable information regarding a person's religious beliefs, practices, or affiliation, as specified, when the information is sought for compiling a database of individuals based on religious belief, practice or affiliation, national origin, or ethnicity for law enforcement or immigration purposes.

SB 44 (Jackson) Would, upon appropriation of moneys by the Legislature, require the State Lands Commission to, within 2 years, administer a coastal hazard and legacy oil and gas well removal and remediation program, as specified. The bill would authorize the commission to seek and accept on behalf of the state any gift, bequest, devise, or donation whenever the gift and the terms and conditions thereof will aid in actions undertaken to administer that program. The bill would require the commission to annually report to the Legislature the activities and accomplishments of the program.

SB 54 (De Leon) Current law provides that when there is reason to believe that a person arrested for a violation of specified controlled substance provisions may not be a citizen of the United States, the arresting agency shall notify the appropriate agency of the United States having charge of deportation matters. This bill would repeal those provisions.

SB 139 (Wilk) Would allow a city, county, or city and county, to regulate, by ordinance, the sale of a substance used as a recreational drug that poses a threat to human life or health and a particular risk to minors if specified conditions are met, including the fact that the substance is sold under a product name or label that is clearly identifiable, there is substantial evidence that the substance has been advertised, purchased, sold, or consumed as a recreational drug, and there is substantial evidence that the substance can cause intoxication, disability, or death if ingested, smoked, inhaled, or injected into the body.

SB 142 (Beall) Would declare the intent of the Legislature to enact legislation that ensures a defendant's history of mental illness will inform case processing and the nature of any criminal charges. The bill would also declare the intent of the Legislature to enact legislation that incentivizes counties to provide community-based mental health services by sharing with counties the state's cost savings from reduced prison admissions of people with mental illness and to direct counties to invest these cost savings in additional mental health services.

SB 146 (Stern) Current law requires the State Oil and Gas Supervisor to continue the prohibition against Southern California Gas Company injecting any natural gas into the Aliso Canyon natural gas storage facility located in the County of Los Angeles until a comprehensive review of the safety of the gas storage wells at the facility is completed, as specified, the supervisor determines that well integrity has been ensured by the review, the risks of failures identified in

the review have been addressed, the supervisor's duty to prevent damage to life, health, property, and natural resources, and other requirements is satisfied, and the Executive Director of the Public Utilities Commission has concurred via letter with the supervisor regarding his or her determination of safety. This bill would additionally require the supervisor to continue that prohibition until a specified root cause analysis of the natural gas leak from the facility that started approximately October 23, 2015, has been completed and released in its entirety to the public.

SB 175 (McGuire) The Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure enacted by the approval of Proposition 64 at the November 8, 2016, statewide general election, provides for the licensure and regulation of commercial nonmedical marijuana activities, which responsibility is also generally divided between those same state entities. Both MCRSA and AUMA prohibit the use of the name of a California county in the labeling, marketing, or packaging of medical marijuana products or nonmedical marijuana products unless the marijuana contained in the product was grown in that county. This bill would specify that those prohibitions include the use of any similar sounding name that is likely to mislead consumers as to the origin of the product.

SB 188 (Jackson) Current law ratifies, approves, and sets forth the provisions of the Emergency Management Assistance Compact, an interstate agreement that provides for mutual assistance between states responding to emergencies and disasters. The compact becomes inoperative on March 1, 2018, and as of January 1, 2019, is repealed. This bill instead would make the compact inoperative on March 1, 2023, and repeal it on January 1, 2024.

Conclusion

The Legislative Counsel deadline was January 20, 2017 and the bill introduction is February 17, 2017. Both of the Senate and Assembly Committee assignments have been made, and the Members have already started to work through legislation in committees and the budget in subcommittees. We will work with staff and continue to keep you updated on issues that pertain to the County. Additionally, we have briefed the County on the legislative platform and priorities for the coming year. Should you or your staff have any questions, please don't hesitate to ask.