

TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate  
Kristina Gallagher

RE: 2018 May Update

DATE: May 31, 2018

The Legislature has finished hearing bills in policy committees and the appropriations committees in the first House. Friday, June 1st is the deadline for all of the legislation to move off the Floor of the house of origin. May 25th was the last day for fiscal committees to hear and report bills to the floor, therefore all bills with a fiscal impact were put on the Suspense File and were considered right before the deadline for bills to be moved onto the Floor. The legislation that was moved out of the Suspense File went to the Floor, while any bills that were held in Suspense are now dead since we are in a second year of a two-year session. Legislators will now be on the floor for a week of floor session starting May 29<sup>th</sup> -June 1st.

The Governor released his May Revise on Friday, May 11<sup>th</sup>. The Governor's revenue estimates increased substantially since January, estimating \$8 billion in higher revenues through 2018-19 compared to the January Budget. The Governor continued to focus on fiscal prudence and the importance of planning for the next recession, maintaining the January's proposal to provide a supplemental deposit to fully fill the Rainy Day Fund this year. The Governor focused on one-time expenditures, with a \$2 billion appropriation for infrastructure, \$359 million to assist local governments in their efforts to address homelessness, and \$312 million for mental health, which included the repayment of \$254 million plus interest in mandate claims to give counties additional resources for youth with mental illness.

The Legislature completed their budget subcommittee process where they have reviewed and proposed edits to the Governor's revised budget. The Assembly and Senate then held their own budget hearings where they voted to adopt their own version of the budget, now both versions of the budgets will go before the Budget Conference where the appointed Budget Conferees will vote on which version of the budget to send to the Governor. The Budget Bill must be passed by midnight of June 15<sup>th</sup>.

Our office has reviewed all of the bills and has categorized them by subject, as well as determined how they fit into the County Platform. We are working with staff and our delegation to see which bills to take to the legislative committee and advocate for on behalf of the County.

### **Fires and Floods**

The Governor issued an executive order to protect communities from wildfire and other climate impacts. The executive order was issued the day before the May Revise came out on May 10<sup>th</sup>, where he announced that the May Revision will include \$96 million to support the following:

- Doubling the land actively managed through vegetation thinning, controlled fires and reforestation from 250,000 acres to 500,000 acres.
- Launching new training and certification programs to help promote forest health through prescribed burning.
- Boosting education and outreach to landowners on the most effective ways to reduce vegetation and other forest-fire fuel sources on private lands.
- Streamlining permitting for landowner-initiated projects that improve forest health and reduce forest-fire fuels on their properties.
- Supporting the innovative use of forest products by the building industry.
- Expanding grants, training and other incentives to improve watersheds.

The executive order comes in addition to the \$160 million proposed in the January's Cap and Trade expenditure plan to support forest improvements and fire protection. The Governor continued to state that eight of the state's twenty most destructive fires have occurred in the past four years, including last winter's Thomas Fire in Ventura and Santa Barbara counties, being the largest in recorded history.

In the Governor's January Budget, the estimated total cost for the 2017 fire response and recovery in Northern and Southern California was \$1.8 billion, including fire response, debris removal, shelters, and operating emergency evacuation centers. The May Revision contained property tax backfill for Santa Barbara County and other Southern California Counties which were affected by the Thomas Fire, specifically \$2.62 million for FY 17-18 and \$5.64 million in property tax backfill for the Santa Barbara County.

The County of Santa Barbara, jointly with the County of Ventura and our Delegation, Assemblymember Monique Limon and Senator Hannah-Beth Jackson requested funds to waive the Counties' match for debris removal associated with the recovery efforts following the Thomas Fire. The Governor has proposed this same waiver of county share of costs for debris removal in the May Revision for the Northern California jurisdictions due to the difference of the timeline of the disasters that occurred in Southern California counties. The County specifically requested a waiver for debris removal that equates to \$3.2 million for the County, while the state has estimated that debris removal will be completed by the end of June for a total cost of \$67 million. The County, along with CSAC is also seeking to request a backfill of lost Transient Occupancy Tax (TOT) revenues in result of the closure of two hotel properties in the County.

Meanwhile, CSAC is hosting a regional meeting on June 28<sup>th</sup> in Santa Barbara County for county officials to further discuss how counties are recovering from the fires and debris flows. The program will focus on innovative planning efforts happening across the state.

On May 14<sup>th</sup>, we set up a follow up conversation between the California Environmental Protection Agency (CalEPA) and the County to continue the conversation regarding the Tajiguas Landfill capacity. CalEPA continued to listen to the County's concerns and communicated that although the Governor's office is not able to do a full waiver on the CEQA process to expand the landfill capacity, they are willing to expedite the process due to the urgency of the situation.

The liability issue surrounding utilities has continued to remain a priority for the County as information continues to circle on whether IOUs are planning on attempting to get immunity from liability regarding the causation of wildfires. On May 25<sup>th</sup> Cal Fire alleged that Pacific Gas and Electric Co. (PG&E) failed to remove and cut back trees around power lines that sparked three wildfires in the Northern California Counties, alleging that they are responsible for the wildfires in Butte and Nevada Counties in October of 2017. Currently, state laws and regulations require utilities to provide compensation if a property that they serve is damaged by their equipment, even if investigators fail to prove the company behaved negligently. Utilities can ask the California PUC to allow it to pass costs to customers through higher monthly charges, which is usually approved if the utility can show that its operations were consistent with best practices, although if the company did act negligent the costs could be shifted to shareholders.

We are currently monitoring and engaging in conversations with stakeholders over the County's concerns. AB 2346 by Assemblymember Quirk was raised last month as a possible vehicle for utility companies that would limit liability of IOUs in case of a wildfire. The bill was gutted and amended on April 18<sup>th</sup> to require the CPUC to authorize IOUs to create memorandum accounts to track expenses related to the 2017 wildfires, the bill has not been amended since April and passed the Assembly Appropriations Committee 16-0 on May 23<sup>rd</sup>, and is currently on the Assembly Consent Calendar. The bill would require the CPUC to authorize IOUs to establish wildfire expense memorandum accounts to track costs related to the 2017 California wildfires specifically by tracking payments to satisfy wildfire claims, including co-insurance and deductible expenses paid by the IOU - excluding costs previously authorized in the IOU's general rate case; tracking outside legal costs incurred defending against claims; and tracking increases or decreases in wildfire insurance premiums from amounts authorized in the IOU's general rate case, the bill also prohibits automatic rate recovery of recorded costs.

Although we confirmed with the Governor's office in April that they do not have any plans on providing immunity from liability to utilities, we are still on high alert since we know that the utility companies have been lobbying the issue since the beginning of the year, therefore we are still heavily monitoring every piece of legislation that could possibly be amended. CSAC has also continued to monitor the issue and is currently updating their letter from April, which the County has requested to join if they are adding counties to their coalition.

The legislation that is sponsored by the California Department of Insurance continues through the Legislative process, although a couple of bills were held on the Suspense File. On May 29<sup>th</sup>, the Insurance Commissioner released a press release applauding that SB 894 (Dodd) is continuing through the process, since he stated that it will help wildfire survivors and homeowners in a number of important ways as they begin to rebuild their lives after a devastating disaster. Insurance Commissioner Jones continued to state that, "this is an important bill that will not only assist current wildfire survivors, but will also help to jump start the rebuilding and economic recovery process...Residents who have lost everything are struggling to recover and rebuild their homes and lives. This bill will provide much-needed protections and improve chances for recovery."

The California Department of Insurance sponsored bills that are still continuing through the legislative process include:

SB 894 (Dodd) The bill would extend policy renewal protections for survivors retroactively to July 1, 2017 to alleviate the burden on survivors who find it impossible to get new coverage during the planning and rebuilding phase of the recovery. Under this bill, survivors would be able to renew their insurance policy twice, which would cover two years after the loss. The bill would also extend the amount of time to collect living expenses from two years to three. Both provisions reflect the reality that it takes most survivors more time than currently permitted to rebuild or replace the total loss property. The Senate Floor amendments clarify that after a total loss of a home in a declared disaster an insured may combine payments for actual losses up to the policy limits for the primary dwelling, other structures and contents, limited to the amount necessary to rebuild or replace the home if the policy limits for the dwelling are insufficient, specify that the losses under this provision shall be treated as full replacement value without requiring the replacement of the other structures or contents; delete a requirement that additional time to collect ALE benefits applies only to policies with a dollar limit on ALE and delete retroactivity for the extension of time for ALE claims. *The bill passed the Senate Floor with a 24-11 vote, the bill is now at the Assembly Desk.*

SB 897 (McGuire) The bill requires additional living expense coverage (ALE) to include all reasonable expenses incurred by the insured to maintain a comparable standard of living following a covered loss. The bill allows an insured to choose, at his or her option, to choose to collect the monthly fair rental value of the dwelling as ALE in lieu of itemized expenses; in the case of a total loss that is a result of a state of emergency, requires an insurer to provide an advance payment of no less than four months of ALE or fair rental value, to adopt a standard four month or fair rental payment amount, to make an initial advance payment of no less than 25% of the policy limit for a claim for contents related to a total loss of a primary residence without completion of an inventory, to offer no less than 80% of the policy limits if an insured has made a claim for contents without requiring the insured to file an itemized claim, and prohibits an insurer in the case of a claim for contents from requiring the use of a company-specific inventory form, as specified; requires insurers, in the event of a state of emergency, to grant a 30-day grace period for payment of premiums for all homeowners' policies covering properties within the affected area; and makes specified provisions retroactive for any claim filed after July 1, 2017 but not submitted by January 1, 2019. *The bill passed the Senate Committee on Insurance hearing on April 25<sup>th</sup>. The bill is currently on the Senate Floor.*

AB 1772 (Aguiar-Curry) The bill would extend the time to rebuild and collect full replacement cost from 24 to 36 months after a declared disaster. After a major event, there is often a shortage of qualified workers in the construction industry coupled with a demand surge for construction workers needed to rebuild structures. This law will give wildfire survivors additional time to rebuild and collect replacement costs from insurers. *The bill passed the Assembly Floor and is now scheduled to be heard in the Senate Insurance Committee on June 13<sup>th</sup>.*

AB 1797 (Levine) The bill requires residential property insurers, subject to conditional exceptions, to provide policyholders with a replacement cost estimate for the insured dwelling. This bill would require an insurer to provide, on an every other year basis, at the time an offer to renew a policy of residential property insurance is made to the policyholder, an estimate of the cost necessary to rebuild or replace the insured structure that complies with specified existing regulations. *The bill passed the Assembly Committee on Insurance on May 2<sup>nd</sup> with a 13-0 vote, then went to pass the Assembly Floor and has been referred to the Senate Insurance Committee.*

AB 1799 (Levine) Requires insurers to provide a free copy of a fire insurance policy, including endorsements and the declarations page, within 30 days of a request by a policyholder. *The bill passed the Assembly Floor and is now scheduled to be heard in the Senate Insurance Committee on June 13<sup>th</sup>.*

AB 1800 (Levine) The bill clarifies that a policyholder who chooses to relocate to a different location to rebuild or replace a total loss of the insured home is entitled to receive the benefits of extended replacement and building upgrade coverages. *The bill passed the Assembly Floor and is now scheduled to be heard in the Senate Insurance Committee on June 13<sup>th</sup>.*

AB 1875 (Wood) The bill requires referral to an alternate source of insurance when an insurer declines to offer extended replacement coverage. *The bill passed the Assembly Committee on Insurance on May 2<sup>nd</sup>, then got out of the Assembly Appropriations Suspense File on May 25<sup>th</sup>, passed the Assembly Floor with a 75-0 vote, and is currently at the Senate Desk.*

AB 2594 (Friedman) This bill extends from 12 to 24 months, the existing statute of limitations for a homeowner to sue their insurer if their fire-related loss is related to a declared state of emergency. *The bill passed the Assembly Appropriations Committee on May 2<sup>nd</sup>, passed the Assembly Floor, and has been referred to the Senate Insurance Committee.*

*The Department of Insurance sponsored bills that were held on Suspense include:*

SB 1291 (Dodd) There are three kinds of adjusters that help settle pending insurance claims: those that are employees of an insurance company, those that are “independent” but have a contract with an insurance company to help handle claims, and “public” adjusters that have a contract with a consumer to get a better settlement of a claim with an insurer. “Independent” adjusters are licensed in 35 states, including California; however we are the only state to overwhelmingly license independent adjusters on an organizational, as opposed to individual, basis. California currently issues independent adjuster licenses to both entities and individuals but for both licenses only one individual needs to be fingerprinted, pass a qualifying license exam and meet continuing education (CE) requirements. Other than this one individual, known as the qualified manager, no employees of the independent adjuster who adjust claims need to meet these requirements. This leads to professional gaps and consumers receiving incorrect or improper information, as happened most recently in California’s devastating 2017 fires. There are at least 30,000 individuals currently adjusting claims that have not met fingerprinting, exam and CE requirements. This proposal would allow California to join 34 other states by implementing the same high standards enjoyed by consumers through an exam, fingerprint-based

background check and CE requirements. *The bill was held on the Senate Appropriations Committee Suspense File on May 25<sup>th</sup>.*

AB 1923 (Limón) In order to expedite the debris removal process for the health and safety of the public, this proposal would add the Consolidated Debris Removal program to the insurance code, requiring insurers to participate after a declared disaster. The proposal also clarifies the two main types of property coverage and how the Consolidated Debris Removal program will work with each. *The bill was held on the Assembly Appropriations Committee Suspense File on May 25<sup>th</sup>.*

*Other introduced legislation related to wildfires, disasters and insurance claims include:*

SB 821 (Jackson) This bill authorizes a county to access the contact information of residents, through the records of a public utility, for the sole purposes of enrolling residents in a county-operated public emergency warning system. The County supports this legislation. *The bill passed the Senate Floor with a 35-0 vote on April 26<sup>th</sup>, and has been referred to the Assembly Committee on Governmental Organization. The County is in support of this bill.*

SB 824 (Lara) This bill prohibits an insurer from canceling or refusing to renew a homeowners' insurance policy for one year from the date of a declaration of a state of emergency, as specified; and requires admitted insurers with at least \$10 million in written premiums in California to biennially report to the California Department of Insurance (CDI) specified fire risk information on residential property policies to the insurance commissioner (IC). *The bill got out of the Senate Appropriations Committee Suspense File, and passed the Senate Floor with a 27-5 vote. The bill is currently at the Assembly Desk.*

SB 833 (McGuire) The bill would require the red alert system to incorporate a variety of notification resources and developing technologies that may be tailored to the circumstances and geography of the underlying evacuation. The bill would require a local government agency or state agency that uses the federal Wireless Emergency Alert (WEA) system to alert a specified area of an evacuation order to use the term "red alert" in the alert and notify OES of the alert. The County has a support if amended position on this bill. *The bill got out of the Senate Appropriations Committee Suspense File, and is currently on the Senate Consent Calendar.*

SB 896 (McGuire) This bill extends the former aggravated arson offense until January 1, 2024, and increases the threshold of property damage and other losses constituting an aggravating factor for aggravated arson from \$7 million to \$8.3 million. *The bill got out of the Suspense File in the Senate Appropriations Committee, and is currently on the Senate Floor on its third reading.*

SB 901 (Dodd) This bill requires a wildfire mitigation plan prepared by an electrical corporation, and wildfire mitigation measures prepared by a local publicly owned electric utility or electrical cooperative, to include: a description of the factors the entity uses to determine when it may be necessary to deenergize its electrical lines and deactivate its reclosers, and procedures for notifying customers, including, critical first responders, who may be impacted by the deenergizing of electrical lines. *The bill got out of the Senate Appropriations Committee Suspense File, and is currently on the Senate Consent Calendar.*

AB 1877 (Limon) The bill requires the California Governor's Office of Emergency Services (Cal OES) and the governing body of each political subdivision, including each operational area, to translate any emergency communication to the public into the most commonly spoken language other than English in the impacted county or counties, or, at the option of a county, into one or more languages other than English spoken in the county pursuant to an individualized language assessment of that county. *The bill got out of the Suspense File in the Assembly Appropriations Committee, and is currently on the Assembly Floor on its third reading.*

### **The County and City Green Energy Production**

The County's Assemblymember Monique Limon (D-Santa Barbara) introduced AB 2077 (Limon) Electricity: local government renewable energy self-generation program. The bill passed the Assembly Committee on Utilities and Energy on April 25<sup>th</sup> with a 14-0 vote. As amended on April 18<sup>th</sup>, the bill would have required the California Public Utilities Commission (CPUC) to approve any rates and other terms mutually agreed upon between Southern California Edison and the County of Santa Barbara if it is determined by the CPUC that the rates are feasible. The bill was held on the Assembly Appropriations Committee Suspense File on May 25<sup>th</sup>. Meanwhile, we have been in continued discussions with Southern California Edison and the City of Santa Barbara on a way to accomplish the County's and City's goals to provide green energy, the language by Southern California Edison has been provided and is being currently being reviewed by the City and County.

### **Budget- May Revise**

On January 10, 2018 the Governor released his 2018-19 Budget, which proposed \$131.7 billion in state General Fund expenditures.

The May Revise was released on May 11, 2018. The May Revision reflects the receipt of \$8 billion in higher revenues through 2018-19 compared to the January Budget, but the Governor continues to emphasize one-time spending, rather than committing to ongoing costs. The Assembly and Senate have already held their budget hearings where they voted to adopt their own version of the budget. On May 30<sup>th</sup> the appointed Budget Conferees held their first Budget Conference hearing and will continue to meet through the week of June 4<sup>th</sup> to go over both versions of the budgets. The Budget Conferees will meet in order to vote on which version of the budget to send to the Governor. The Budget Conference hearings are expected to be completed by the evening of June 7<sup>th</sup>. The Budget Bill must be passed by midnight of June 15<sup>th</sup>.

Highlights in the May Revise include:

#### *Property Tax Backfill*

The May Revision includes \$32.8 million General Fund to backfill the property tax revenue losses that cities, counties, and special districts will incur in 2017-18 and 2018-19 due to the 2017 wildfires and resulting mudslides in Southern California. Of this amount, \$21.8 million is for Northern California jurisdictions and \$11 million for Southern California jurisdictions. The property tax losses in Santa Barbara County are \$2.62 million for FY 17-18 and \$5.64 million for FY 18-19, both are funded by the May Revision.

### *Elimination of the 340B Program- Remains*

The Governor's 2018-19 budget proposal eliminated the use of the 340B Drug Pricing Program in Medi-Cal. The federal program entitles eligible healthcare providers to discounts on outpatient prescription drugs. The elimination of the program directly affects the County because it could reduce revenues in the County's Public Health Department by \$5 million to \$6 million, effective July 1, 2019, and would negatively impact the County's health care safety net. The May Revision maintains the Administration's proposal to prohibit the use of federal 340B Drug Pricing Program reimbursements within the Medi-Cal program beginning July 1, 2019, to prevent duplicate discounts and overpayments, and reduce drug rebate disputes. The Administration estimates this proposal will result in \$16.6 million General Fund savings annually beginning in 2020-21. This remains a concern for the County since the 340B Program provides significant benefits to the Santa Barbara County Public Health Department and the patients served. We continue to advocate to oppose the elimination of the 340B Program in the Budget Conference.

### *Debris Removal Cost Share Waiver*

The May Revision includes \$29.1 million General Fund to waive the local match for Northern California counties' costs of debris removal, but does not include Southern California counties. The County, along with the County of Ventura and CSAC, has requested funds to waive the county match requirement for debris removal for the Southern California counties impacted by Governor's declared disasters from the 2017 fires and 2018 mudslides.

### *Disaster Relief & Cap and Trade Funding*

CalFire response costs will require a 2017-18 budget augmentation of \$469.3 million, which will be provided through the state's Emergency Fund. The state is currently also seeking a federal supplemental disaster-related appropriations bill that would amount to \$4.4 billion to support disaster recovery efforts.

The original Cap & Trade Expenditure plan for FY 18-19 totaled \$1.25 billion allocations to various programs. The Governor's May Revision included changes to that original expenditure plan that included an additional \$26.8 million to CAL FIRE to fund 6 year-round prescribed burn teams to tackle more fuel reduction projects statewide and an additional \$20 million to the Natural Resources Agency to provide block grants that support the implementation of regional landscape-level forest restoration projects that leverage non-state funds. This funding is in addition to \$160 million for Healthy and Resilient Forest programs and \$25 million to help fund local fire response which were both proposed in January.

### *Rainy Day Fund*

The January budget proposed a \$3.5 billion supplemental payment in addition to the constitutionally required transfer to the Rainy Day Fund for 2018-19. The allocation remains the same since January, which will fully fill the Rainy Day Fund this year.

### *Infrastructure*

The \$2 billion in one-time funding proposal will target infrastructure for universities, courts, state facilities and flood control. This includes about \$1 billion for deferred maintenance projects

throughout many program areas, \$630 million for state office buildings, and nearly \$200 million for flood control projects.

### *Mental Health and Homelessness*

The Governor allocated funds to support mental health programs throughout the state, including \$281 million to reduce the state's mandate backlog mostly related to county mental health services for children, \$50 million for counties to provide homeless individuals with mental illnesses, and \$55 million to the University of California to support graduate medical education for psychiatric programs.

The Governor allocated funds for a variety of proposals related to homelessness. The largest of these is \$250 million in one-time emergency homeless aid block grants to local governments for a variety of housing programs, including emergency housing vouchers and shelter construction. The Governor also proposed \$64 million in ongoing spending to local governments for housing support and homelessness assistance programs through the CalWORKs program.

### *No Place Like Home*

The May Revision proposes placing the No Place Like Home program on the November 2018 ballot. Voters will have an opportunity to validate the No Place Like Home program, which allocates \$2 billion from Mental Health Services Act funds to provide housing for individuals who are in need of mental health services and are experiencing homeless or at risk of homelessness. The Department of Housing and Community Development will issue an initial Notice of Funding Availability prior to November and make awards before the end of the calendar year, contingent on voter approval of the measure.

### *Criminal Justice*

The Governor includes a variety of new proposals for corrections and criminal justice programs. The largest item in this area is \$139 million in ongoing funding to pay for increased correctional officer and parole agent compensation resulting from a new labor agreement with the California Correctional Peace Officers' Association.

### *Significant Portion of Proposals Directed to Local Projects, Reimbursements, and Grants*

Many of the spending proposals described above are directed to local governments, particularly through grant programs. In total, the Governor proposes allocating nearly \$1 billion in General Fund spending to local governments in the May Revision. This includes roughly \$300 million to repay local governments' mandates, \$150 million for urban flood control projects, and the emergency homeless aid block grants described above.

### *Libraries*

For 2018-19, the January budget included \$9 million for libraries, which included:

- Augmentation for Literacy Program—An increase of \$2.5 million General Fund ongoing to expand the existing California Library Literacy Services program.
- One-Time Funding for Broadband Grants—\$5 million General Fund one-time for broadband equipment grants, with the expectation that \$2 million would support connection for public

libraries who lack access to the broadband network and \$3 million would expand capacity for libraries already connected.

- One-Time Funding for Online Service System—\$1.5 million General Fund one-time for online systems for use by public libraries to support efficient access to resources.

Adjustments in the May Revise for State Libraries included:

Collection Protection Activities—An increase of \$663,000 General Fund to purchase emergency supplies, restore damaged books, and procure a vault to further protect the library's collection.

Digital Preservation Activities—An increase of \$195,000 General Fund ongoing to preserve information on state websites four times each year and records collected by the State Archivist.

#### *In-Home Supportive Services (IHSS)*

Caseload Adjustments: The overall cost for IHSS increased by \$105.6 million General Fund in 2017-18, and \$174.7 million General Fund in 2018-19, due primarily to a projected increase in costs associated with IHSS overtime, average hours per case, and average cost per case. These increases were offset partially by slower caseload growth compared to the prior forecast, with caseload projected to be over 544,000 in 2018-19.

IHSS County Administration—An increase of \$24 million General Fund in 2018-19 to reflect higher estimates of county workload related to the IHSS program.

County IHSS Maintenance of Effort—Chapter 25, Statutes of 2017 (SB 90), specified the counties' share of IHSS costs and implemented a revised maintenance-of-effort (MOE) structure, resulting in higher county costs compared to the prior MOE levels. Based on updated revenue projections and redirections, available 1991 Realignment revenues are expected to cover a larger share of the increased MOE costs. When combined with \$330 million in state mitigation for 2018-19 and \$200 million in 2019-20, this results in no net fiscal impact to counties through 2019-20.

#### *CalWORKs Single Allocation*

An increase of \$55.8 million TANF in 2018-19 to reflect the adoption of a revised budgeting methodology for county administration of the CalWORKs eligibility determination process. This model recognizes that counties have difficulty adjusting to significant increases and decreases in caseload, and attempts to smooth out the changes to county funding. The methodology: (1) establishes a fixed-base funding level that does not adjust when caseload changes, and (2) includes a variable component that adjusts when caseload increases or decreases by 5 percent or more, compared to the 2018-19 caseload.

### **Other Legislation and Information**

AB 3224 (Thurmond) was amended on March 20th and again on April 18<sup>th</sup> with clarifying language that would place restrictions on counties from contracting out with eligibility workers

that would find citizens that are eligible for the following services – CalFresh, CalWORKS, Medi-Cal, IHSS and various programs for the elderly and disabled. The sponsors of this bill, Western Center on Law and Poverty stated that the language in the bill is only intended to codify existing practice into state law regarding eligibility determinations for certain social services. CSAC is taking a neutral position on this bill. Although the County is not currently taking a position on this bill, we are carefully monitoring it in case there are any critical amendments to expand of scope of the bill, since there could be a similar intent of AB 1250 (Jones-Sawyer), which the County heavily opposed last year. The bill passed the Assembly Floor on April 30<sup>th</sup> with a 54-22 vote, and is currently scheduled to be heard in the Senate Human Services Committee on June 12<sup>th</sup>.

SB 1160 (Hueso), which is sponsored by the California Nations Indian Gaming Association would make it a misdemeanor to commit a trespass by entering a gaming facility on the Indian lands of a federally recognized Indian tribe after receiving an order of exclusion from the designated agency of the tribal government. This bill creates a separate category of trespass in the Penal Code that specifies one may not enter a gaming facility on the Indian lands of a federally recognized Indian tribe after receiving an order of exclusion from the designated agency of the tribal government. The bill passed the Senate Floor on May 10<sup>th</sup> with a 37-0 vote, and has been referred to the Assembly Committee on Public Safety.

### **Ballot Initiatives**

#### **1846. California Two-Thirds Vote for Approval of New Revenue Increases Initiative**

*Status: Cleared for Circulation (25% signatures reached, currently pending signature verification)*

Proponents: Rob Lapsley, president of the California Business Roundtable

For new revenue measures, the proposition broadens definition of state taxes that would require approval by two-thirds supermajority vote of Legislature. For local governments, the proposition would require two-thirds approval of electorate to raise new taxes or governing body to raise new fees. Requires that state and local laws enacting new taxes specify how revenues can be spent. The proposition heightens legal threshold for state and local governments to prove that fees passed without two-thirds approval are not taxes. Invalidates local taxes imposed in 2018, unless taxes meet criteria adopted by this measure.

The Assembly Committee on Revenue and Taxation and Local Government will be holding a joint hearing on June 13th where they will discuss the initiative that expands the requirement for supermajority approval to enact new revenue measures #1846.

#### **1847. California Two-Thirds Vote for Local Government Revenue Increases Initiative**

*Status: Cleared for Circulation*

Proponents: Rob Lapsley, president of the California Business Roundtable

For local governments, the proposition requires two-thirds approval of electorate to raise new taxes or governing body to raise new fees. Requires that local laws enacting new taxes specify how revenues can be spent. The proposition also heightens legal threshold for local governments

to prove that fees passed without two-thirds voter approval are not taxes. Invalidates local taxes imposed in 2018, unless taxes meet criteria adopted by this measure.

**1830. California Voter Approval for Gas and Vehicle Taxes Initiative**

*Status: Cleared for Circulation (25% signatures reached, currently pending signature verification)*

Proponents: Thomas W. Hiltachk

The Proposition repeals the 2017 transportation law's tax and fee provisions that pay for repairs and improvements to local roads, state highways, and public transportation. It will also require the Legislature to submit any measure enacting specified taxes or fees on gas or diesel fuel, or on the privilege to operate a vehicle on public highways, to the electorate for approval.

*June 5, 2018 - Statewide Ballot Measures*

**Proposition 68**

*SB 5 (De Leon)*

The Proposition issues \$4 billion in bonds for parks, environmental protection, and water infrastructure.

**Proposition 69**

*ACA 5 (Frazier)*

The Proposition will require certain tax and fee revenue related to transportation to be used for transportation purposes.

**Proposition 70**

*ACA 1 (Mayes)*

The proposition will require legislative supermajority vote approving use of Cap-And-Trade Reserve Fund.

**Proposition 71**

*ACA 17 (Mullin)*

The proposition sets an effective date for ballot measures.

**Proposition 72**

*SCA 9 (Glazer)*

The proposition excludes rainwater capture systems from property tax assessments.

**AB 653 - Tribal Tax Issues**

AB 653 (Ridley-Thomas) was legislation sponsored by the Chumash Tribe, which passed the Assembly last year and was set for hearing in the Senate Governance and Finance Committee on August 30, 2017. After lengthy discussions between the sponsors, the County, our legislative delegation, CSAC and the rural counties, the sponsors and author decided to cancel the hearing. The bill is now a two-year bill, but the author of the bill, Sebastian Ridley-Thomas (D-Los Angeles) resigned due to health reasons.

The last we heard from the sponsors of the bill, was that there was still some interest, but they need to make a decision shortly because of where we are in the legislative process. We continue to monitor the bill and watch for any other pieces of legislation that could possibly be amended into a similar concern for the County.

### Cannabis

The passage of Prop 64 allowed the recreational use of marijuana in California which created a number of cannabis policy, trailer bill language and regulations by the Bureau of Marijuana Control, CalCannabis and the Department of Public Health this session. In addition to Prop 64, which was approved in 2016, the Governor signed into law the Medical Cannabis and Regulatory Safety Act (MCRSA) in 2015. These two laws contained several differences; therefore in addition to the \$94.6 million appropriated in the budget to implement California's cannabis laws, the budget package included trailer bill SB 94 that merged provisions of MCRSA together with Prop 64. Most of the cannabis issues last year were worked through a compromised deal by the Assembly, Senate and Administration through the cannabis trailer bill language in SB 94 and the clean-up cannabis trailer bill AB 133, with a majority of policy bills becoming either two-year bills or receiving a veto from the Governor. Although the CalCannabis Cultivation Licensing program, the Bureau of Cannabis Control, and the Department of Public Health published their proposed draft regulations for implementing MCRSA in the spring, SB 94 changed current law. In order to be consistent with changes in the law, the Bureau had to withdraw proposed regulations and has released new emergency regulations on November 16<sup>th</sup>, and became effective in December of 2017.

Meanwhile, the CalCannabis Cultivation Licensing program prepared a Draft Program Environmental Impact Report in accordance to CEQA, which provided information of potential environmental effects associated with the implementation of cannabis cultivation regulations. CalCannabis began issuing state cannabis cultivation licenses on January 1, 2018 and is currently accepting applications for temporary and annual cannabis cultivation licenses for cultivators, nurseries and processors. The Department of Food and Agriculture (Department) will soon begin the review of the annual cannabis cultivation license applications once the applicant submits the Live Scan fingerprints for each person who meets the definition of "owner," as described in the emergency regulations. The Department is still working on finalizing the information needed for this process and will post the required "Request for Live Scan" form on their CalCannabis website soon. In the meantime, the applicant can fill out their annual license application and submit it without the Live Scan form, and the Department will notify them once it is available.

On May 18<sup>th</sup> the California Department of Food and Agriculture proposed to readopt the Cannabis Cultivation Licensing emergency regulations, adopted effective December 7, 2017 as it continues to develop permanent regulations.

Discussion surrounding banking the cannabis industry remains a priority for California Legislature. SB 930 (Hertzberg) continues to go through the legislative process, getting out of the Senate Appropriations Committee Suspense File on May 25<sup>th</sup> and currently waiting to be heard on the Senate Floor. SB 930 (Hertzberg) is sponsored by Board of Equalization Member

Fiona Ma in order to help mitigate several of the problems resulting from cannabis businesses' access to banking services. The bill creates limited purpose charter banks and credit unions licensed and regulated by the Department of Business Oversight (DBO), and would authorize the limited purpose banks and credit unions to provide depository services and issue special checks to cannabis-related businesses, it also authorizes the limited purpose banks and credit unions to obtain private depository insurance, as authorized by the DBO, in lieu of FDIC insurance, and would create an oversight Board with the State Treasurer, Controller and the Chief of the Bureau of Cannabis Control as members and the Director of the Department of Finance as an ex-officio member, among multiple other provisions.

### **Bills and Budget Proposals of Interest to the County**

AB 334 (Cooper) Federal VAWA legislation passed in 2011 mandated the provision of free sexual assault forensic medical exams for patient/victims who do not want to cooperate with law enforcement agencies. The original California statute passed in 1977 mandating that local law enforcement agencies pay for sexual assault exams was amended after 35 years to comply with VAWA. The amended statute specified that law enforcement agencies could be reimbursed \$300 by Cal OES out of their State VAWA appropriation for exams involving the non-cooperative patient/victim. The legislation passed the Senate Judiciary Committee with a 6-1 vote, but the author pulled the bill out of the Senate Public Safety Committee, therefore the bill is now a two-year bill. The County is in support of the bill.

AB 653 (Ridley-Thomas) The legislation is sponsored by the Chumash Tribe, and was amended on August 23<sup>rd</sup> to state that beginning the 2018-19 fiscal year, property owned in fee or held in trust by a federally recognized Indian Tribe, or owned in fee or held in trust by a charitable nonprofit organization is exempt from taxation if the following conditions are met: The tribe has submitted an initial written request or trust application to the US Department of the Interior and the department has determined that the initial written request trust application is complete, and that the tribe has submitted both of the following to the assessor: documents establishing that the tribe is federally recognized and documents establishing that the initial written request or trust application is under consideration by the US Department of the Interior. The property is used primarily for tribal housing, an essential governmental function, or other charitable purposes including but not limited to, tribal religious, education, museum, hospital, and cemetery facilities or for the preservation of agriculture and open space. The author of the bill cancelled the Committee hearing, and the bill is now a two-year bill. The County opposed the legislation.

AB 726 (Holden) The legislation would have created a freeze on any new forming Community Choice Aggregation (CCA) organizations and restricted the ability to expand existing Community Choice Energy (CCE) programs. The County of Santa Barbara was opposed to AB 726 and AB 813, unless CalCCA's amendments were adopted. AB 726 is now a two-year bill.

AB 813 (Holden) was gutted and amended on March 8, 2018 and now creates a framework for any future expansion of the California Independent System Operator (CAISO) to include additional transmission owners in the 14 western states that currently make up the Western Regional Coordinating Council. The bill also ensures that any regional transmission operator

(RTO) which a California-based investor-owned utility, energy service provider, or community choice aggregator (collectively referred to as retail sellers), publicly owned utility (POU) or transmission operator joins, recognizes and complies with California's market-based compliance mechanism for limiting emissions of greenhouse gases when serving electric load in California and adherence to other standards and protocols regarding transparency and support of state procurement policies. The bill has been referred to the Energy, Utilities and Communications Committee. The bill doesn't currently affect the County, therefore we will just keep monitoring it in case of any amendments that would affect the County.

AB 1250 (Jones-Sawyer) The County is in strong opposition to the bill. The bill creates specific conditions and requirements that would apply when a county enters into a new contract or renews or extends an existing contract, and also specifies the conditions that must be met in order to permit a personal services contract. The Chair of the Senate Appropriations Committee claimed that there needs to be more negotiations on the bill. The bill was held in the Senate Rules Committee and is now a two year bill.

AB 1775 (Muratsuchi) The Santa Barbara County Board of Supervisors approved a resolution opposing new offshore oil and gas leases in Federal waters off of the California Coast. The bill prohibits the State Lands Commission (SLC) or a local trustee from entering into any new lease or other conveyance authorizing new construction of oil-and-gas-related infrastructure upon tidelands and submerged lands within state waters associated with Outer Continental Shelf (OCS) leases issued after January 1, 2018. The bill passed the Assembly Appropriations Committee Suspense File on May 25<sup>th</sup>, and is currently on the Assembly Floor on its third reading.

AB 1956 (Limon) The bill would establish a year-round fire prevention local assistance grant program managed by the California Department of Forestry and Fire Protection (CAL-FIRE) and Reestablishes a fire prevention working group that includes fire prevention experts to develop new methods of fire prevention. The Board of Supervisor's adopted a 2018 Legislative Platform that supports efforts to generate new intergovernmental revenues. The bill passed the Assembly Appropriations Committee Suspense File on May 25<sup>th</sup>, and is currently on the Assembly Floor on its third reading. The County is in support.

Meanwhile, the County is also supporting Assemblymember Limon's request for \$50 million appropriation for the local assistance grant program created by AB 1956 (Limon). The program would intend to ensure that there is both a state and community based robust fire prevention effort that is year-round. The budget item will be considered in the Budget Conference.

AB 3194 (Daly) The bill restricts local government ability to reduce housing project densities. The County is opposed unless amended to allow locally developed Housing Element or zoning ordinances to address site specific conditions. The bill makes a number of changes to the Housing Accountability Act (HAA), specifically, providing that a housing development project is not inconsistent with the applicable zoning ordinance, and shall not require a rezoning, if the housing development project is consistent with the objective general plan standards and criteria but the zoning for the project site is inconsistent with the general plan. The bill passed the Assembly Local Government Committee on May 9<sup>th</sup>, and is currently on the Assembly Floor.

SB 349 (Lara) This bill would require minimum staffing ratios for dialysis clinics and a minimum transition time between dialysis patients, as follows, commencing January 1, 2020. The bill increases the likelihood of quality care for individuals with End Stage Renal Disease by reducing the risk of infections, cardiac related and other causes of death. This bill is currently on the inactive file, but we are still monitoring just in case of any future movement. The County is in support of the legislation.

SB 588 (Hertzberg) This bill substantially revises the existing state rigs-to-reefs program that allows for the partial removal of oil and gas platforms in state or federal waters if the remaining portion is converted into an artificial reef and certain conditions are met. The bill passed the Assembly Water, Parks and Wildlife Committee on June 29<sup>th</sup> with a 12-2 vote, and then was referred to the Assembly Natural Resources Committee but didn't meet the policy deadline, therefore is now a two-year bill. County opposes the bill.

SB 821 (Jackson) This bill authorizes a county to access the contact information of residents, through the records of a public utility, for the sole purposes of enrolling residents in a county-operated public emergency warning system. The County supports this legislation. The bill passed the Senate Floor with a 35-0 vote on April 26<sup>th</sup>, and has been referred to the Assembly Committee on Governmental Organization. The County is in support of this bill.

SB 827 (Wiener) The bill would require the County to grant housing development projects, in key transit corridors, a "bonus" by exempting the project from certain local development requirements such as density, maximum floor area, parking requirements and height restrictions. This would effectively negate development standards for housing along the State Street/Hollister Avenue transit corridor as well as in already crowded Isla Vista. On April 17<sup>th</sup>, the bill died in the Senate Transportation and Housing Committee with a 4-6 vote. The County was in opposition to the bill.

SB 828 (Weiner) The bill would make significant changes to the existing Regional Housing Needs Assessment (RHNA) process and the resulting housing needs allocations to counties and cities. The bill would enhance the RHNA allocations (from 100% of need to 125%), requires development by-right in certain circumstances to count the rezoned land to the RHNA allocation, and requires unit capacity assessment of local governments accepted if there is a minimum density. The bill got out of the Senate Appropriations Committee Suspense File on May 25<sup>th</sup> and is currently on the Senate Floor on its third reading. The County opposes this bill.

SB 833 (McGuire) The bill would require the red alert system to incorporate a variety of notification resources and developing technologies that may be tailored to the circumstances and geography of the underlying evacuation. The bill would require a local government agency or state agency that uses the federal Wireless Emergency Alert (WEA) system to alert a specified area of an evacuation order to use the term "red alert" in the alert and notify OES of the alert. The County has a support if amended position on this bill. The bill got out of the Senate Appropriations Committee Suspense File, and is currently on the Senate Consent Calendar.

SB 834 (Jackson) The Santa Barbara County Board of Supervisors approved a resolution opposing new offshore oil and gas leases in Federal waters off of the California Coast. Senate Bill (SB) 834 would prevent the State Lands Commission from signing new leases for oil and

gas development infrastructure associated with Federal offshore leases signed after January 1, 2018. The bill passed the Senate Appropriations Committee Suspense File on May 25<sup>th</sup>, and is currently on the Senate Floor on its third reading.

SB 914 (Dodd) This bill expands the types of projects that can be delivered by counties using the construction manager at-risk procurement method. The bill authorizes a county or associated public entity, with approval of the board of supervisors, to use the CMAR project delivery method on any infrastructure owned or leased by the county, excluding roads. The bill passed the Senate Floor with a 38-0 vote. The bill has been scheduled to be heard in the Assembly Local Government Committee on June 13th. The County is in support of this bill.

SB 917 (Jackson) This bill provides that if loss or damage results from a combination of perils, one of which is a landslide, mudslide, mudflow, debris flow or other similar earth movement, an insurer shall provide coverage if an insured peril is the efficient proximate cause of the loss or damage and coverage would otherwise be provided for the insured peril, and provides that this is declaratory of existing law. The bill passed the Senate Floor with a 25-11 vote, and has been referred to the Assembly Insurance Committee. The County is supporting the bill.

SB 933 (Allen) The bill establishes the Arts for Every Student Incentive Grant Program, to be administered by the California Department of Education (CDE), to encourage and maintain the delivery of high-quality visual and performing arts education programs. This bill will require funding from the Budget Act. The funding proposal is consisted of \$50 million one-time budget appropriation to support the “Arts for Every Student Act,” which will provide California school districts with a jump start in arts education funding. On May 10<sup>th</sup> in the Senate Subcommittee #1 on Education, the Senate voted to make a competitive grant program setting aside \$75 Million for visual performing arts education, along with the two other programs to be eligible to apply for grants. The budget item will be considered in the Budget Conference.

Meanwhile, SB 933 (Allen) passed out of the Suspense File in the Senate Appropriation Committee and is currently on the Senate Floor on its third reading. The County is in support of both the budget proposal and the bill.

SB 1026 (Jackson) The bill would repeal statutes that establish the Senior Housing Information and Support Center and the Program for Injury Prevention, and that require the California Department of Aging (CDA) to develop materials on aging in place, and instead establish the Dignity at Home and Fall Prevention Program and require CDA to provide grants to area agencies on aging (AAAs) for injury prevention services, as specified. The bill passed the Senate Appropriations Committee Suspense File on May 25<sup>th</sup>, and is currently on the Senate Floor on the consent calendar. The County is in support of the bill.

SB 1088 (Dodd) – This bill requires each electrical corporation or gas corporation, to submit a safety, reliability, and resiliency plan to the California Public Utilities Commission (CPUC) every two years, requires the CPUC to approve the submitted plan within 18 months and authorize recovery of the costs of implementing the plan through rates. Additionally, this bill prohibits an electrical corporation from delegating, transferring, or contracting out any of its distribution safety or reliability performance obligations. This bill also requires the Office of Emergency Services (OES) to adopt standards for reducing risks from a major event and require

the office to update the standards at least once every two years. The bill passed out of the Senate Appropriations Committee Suspense File on May 25<sup>th</sup> and is currently on the Senate Floor on its third reading. The County is in support of the bill.

#### *Funding for Emergency Pipeline and Barge to Ensure Drinking Water Supply*

The County supports Senator Hannah-Beth Jackson's request for \$3,100,000 to be funded in the 2018-2019 budget for emergency drinking water supply grants in order to prevent a severe public and health crisis in the County.

While the rest of the state has emerged from emergency drought conditions, Santa Barbara County has remained in a state of severe drought, limiting the ability of the Cachuma Operations and Maintenance Board (COMB) to build emergency water reserves. In addition to the drought, the County has suffered devastating wildfires and mudslides, which created wide spread debris flows that have damaged critical water infrastructure, and that significantly threaten current water supplies and the ability for agencies to deliver safe drinking water. The budget item will be considered in the Budget Conference.

#### *CAL FIRE Capital Outlay Funding for Contract Counties*

The County supports Assemblymember Monique Limon's request for a \$3,022,000 appropriation for capital outlay to be included in the 2018-19 California budget to address the lack of contractually obligated funding for the fire agencies in the six Contract Counties, which consist of County of Santa Barbara, Ventura, Kern, Los Angeles, Marin and Orange.

The County of Santa Barbara faced devastating losses that resulted in acres of damage due to the Thomas Fire, which was the largest wildfire in California in history. The appropriation requested will allow the County's fire departments to focus more funding on their ability to respond to climate driven wildfires, which is critical since wildfires have become a year-round problem in California. The budget item will be considered in the Budget Conference.

### **Conclusion**

The last day for policy committees to hear non-fiscal bills introduced in their house was on May 11th, while May 18<sup>th</sup> was the last day for policy committees to meet prior to June 4<sup>th</sup>. May 25<sup>th</sup> was also the last day for fiscal committees to hear and report to the Floor bills that were introduced in their house of origin. Friday, June 1<sup>st</sup> will be the last day for bills to pass out of the House of origin. Policy committees will resume on Monday, June 4<sup>th</sup>, while June 5<sup>th</sup> is California's primary election.

The Legislature completed their budget subcommittee process where they have reviewed and proposed edits to the Governor's revised budget. Both versions of the Assembly and Senate budgets will go before the Budget Conference where the appointed Budget Conferees will vote on which version of the budget to send to the Governor. The Legislature will then send it to the Governor where he will have the authority to "blue pencil" any appropriation contained in the budget.

We look forward to discussing priorities in the Legislature and working out the fiscal priorities in the budget process and will continue to work with staff and keep the committee and Board updated. As always, should you or your staff have any questions, please don't hesitate to let us know.