

TO: Board of Supervisors, Santa Barbara County

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

DATE: July 22, 2014

The legislature has adjourned for its summer recess, so they are all back in their districts until August 4, 2014, when they will resume for the end of the session. June was incredibly busy with the election, second house policy deadline, the looming water bond deadline and the budget. They took on a lot of items and for the most part were successful at meeting their deadlines.

### **Budget**

The Budget Conference Committee wrapped up its work on June 12, 2014, but Senator Steinberg made a commitment to the Republicans that they would not take it up until it was in print for 48 hours, so they returned on June 15, 2014 to take it up on Sunday afternoon. Many members were not pleased as that was Father's day, but the deadline was midnight, otherwise they would lose their pay. They completed their work just after 9:00 pm, the Governor signed the final package the following Friday. He blue penciled any and all added budget dollars that he did not approve, keeping the budget to his original numbers to keep the state in-line financially.

With many of the trailer bills, there will be a process of determining how those dollars will go out the door, so we will work with your staff to determine areas that the County may be eligible and work with the Administration to position the County to obtain funds where they might be available.

One major area of contention in this budget as the Cap and Trade revenues, I have detailed below what the final deal is for your information.

### ***Cap and Trade Update***

With respect to cap and trade, there was a conference compromise agreed to by the Legislature. The final budget includes a three pronged approach to the investment of cap and trade auction revenues, including an FY 2014-15 appropriation, a long-term appropriation plan for FY 2015-16 and beyond, and accountability measures. From the JPAC perspective, there are a number of wins in the overall package though much work remains to ensure the investment of cap and trade auction revenues provide for the maximum cost-effective greenhouse gas emissions reductions. The FY 2014-15 appropriation of \$872 million is outlined below. Further, the FY 2014-15 state budget commits the remaining \$400 million from the FY 2013-14 cap and trade loan to the High Speed Rail project.

**2014-2015 Allocations (in millions)**

• High Speed Rail	• \$ 250.0
• Transit and Intercity Rail Capital Program	• \$ 25.0
• Low Carbon Transit Operations (STA)	• \$ 25.0
• Affordable Housing and Sustainable Communities	• \$ 130.0
• Low Carbon Transportation	• \$ 200.0
• Weatherization	• \$ 75.0
• Agricultural Energy and Operational Efficiency	• \$ 15.0
• Energy Conservation Assistance Act for public buildings	• \$ 20.0
• Water Action Plan - Water-Energy Efficiency (SB 103- has been appropriated)	• \$ 40.0
• Water Action Plan - Wetlands and Watershed Restoration	• \$ 25.0
• Sustainable Forests	• \$ 25.0
• Sustainable Forests/Urban Forestry	• \$ 17.0
• Waste Diversion	• \$ 25.0
<b>Total</b>	<b>\$ 872.0</b>

The deal also proposes to allocate future auction revenues, beginning in FY 2015-16, as follows:

- 35% continuously appropriated for transportation, affordable housing and sustainable communities
- 15% for transit including intercity rail and low carbon transit operations
- 20% for affordable housing and sustainable communities
- 25% continuously appropriated for High Speed Rail
- 40% annually appropriated in the budget or through legislation for low carbon transportation, natural resources programs, energy programs, and other GHG reducing programs

In terms of investment in sustainable communities, there were a large number of groups advocating for three main modifications to the Governor's January Budget, including more funding for sustainable communities infrastructure, local street and road maintenance and rehabilitation as an eligible use within any sustainable communities program, and a regional governance structure that would require regional transportation agencies to develop competitive grant programs for counties, cities, and transit agencies. The \$140 million in FY 2014-15 and the 10% of total auction revenues in FY 2015-16 and beyond that will be continuously appropriated, include active transportation projects including bicycle and pedestrian facilities and capital projects that implement complete streets as an eligible use. Also, at full implementation, the cap

and trade auctions could generate up to \$5 billion annually that are available for a competitive share of up to \$500 million in sustainable communities' funds each year. Regarding the governance structure, the Strategic Growth Council (SGC) is required to develop implementation guidelines and selection criteria for the program, which does not prohibit the SGC from delegating competitive grant programs at the regional level with strict state guidance.

### **Water Bond**

There was some hope to reach an agreement on the new water bond to replace the one on the ballot this coming November. They were unsuccessful and meeting the June 26, 2014 deadline, they are planning on taking the summer recess and doing some intensive meetings in hopes of reaching a deal. The Governor has said that if there isn't a deal reached, he will actively oppose the current water bond. He would like to see the bond amount no larger than \$6 billion; however the legislature would like to see it at \$8 billion. There are many outstanding issues related to ground water storage and some environmental concerns. We are hopeful they will be able to reach a deal when they return in August.

### **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. The bill was heard in Senate Appropriations and is currently sitting on their suspense file, its fate will be determined their first week back in August when the suspense file is taken up for a vote. 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 in 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 but unfortunately failed to garner the necessary votes to come off of the Assembly floor, the bill is dead for this year.

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 was signed by the Governor on July 18, 2014.

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 on the Senate floor awaiting their action when they return in August.

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 where it is currently sitting on their suspense file which will be dealt with when they return in August. 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 has passed the policy committees in each house and now waits for a hearing in the Assembly Appropriations Committee in August. 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 949 (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 will be heard in the Assembly Appropriations Committee when they return.

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 Assembly Appropriations Committee awaiting a hearing in August.

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, where the bill ultimately died.

### **Conclusion**

Other than the water bond working group, the legislature has been quiet during the month of July. After the June elections, they are trying to regroup to see what November will look like. There were a few upsets since this is our first full top two vote getters elections and a lot of money was spent. There is one race that was just called, the state controller, there was a recount attempt, however that has just been called off, given the second vote getter only won by just over 400 votes, this race had much anticipation, but now they will focus on November.

Once they return, it will be madness; they have a lot of work to get done and three weeks to accomplish all they have to get done. There are many members who are termed out, so they are especially committed to getting the work done. The Assembly Republicans elected a new leader, Assembly Member Kristin Olson (R-Modesto) who will take over after the November elections. Senator Kevin DeLeon (D-Los Angeles) was elected the new President of the Senate and is expected to take over October 16, 2014.