TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate
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RE: January 2016 Update

DATE: January 27, 2016

The legislature has adjourned the first year of their two-year session Saturday morning, September 12, 2015 at around 3 am. Since this is the first year of the two-year session any unresolved issues may be taken up next year, which is not ideal but an option if it was needed.

The Governor had until October 11, 2015 to sign or veto any bills that landed on his desk. Unless otherwise stated the measures become law on January 1, 2016, that are in the regular session. Any of the special session bills become law 90 days after they adjourn the special session.

Special Sessions

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 state's current fuel excise tax is sufficient to fund only $2.3 billion of work—leaving $5.7 billion in unfunded repairs each year.

The Governor proposed that the Legislature enact permanent and sustainable funding to maintain and repair the state's transportation and critical infrastructure, improve the state's key trade corridors and complement local infrastructure efforts.

He has proposed a plan as part of his January budget. In this plan he proposes that they reinstate truck weight fees, increase VLF by $65.00 per vehicle and an increased gas tax. We are still evaluating it to see if it is a workable solution for the county. The legislature must also decide if this is the best solution during their special session discussions. We will work with County staff and continue to keep the board updated as this discussion unfolds.

Medi-Cal/Health Care:

The Governor also called a special session to address the financing of the state's core health program – Medi-Cal. The state's recent expansion of health care coverage under the Affordable Care Act has resulted in more than four million additional Californians receiving coverage through Medi-Cal.

Since 2005, the state has levied a tax on Medi-Cal managed care plans. The revenues are matched by the federal government and used to both increase payments to Medi-Cal providers and offset health care costs that would otherwise be paid from the General Fund. This funding mechanism has helped the state pay for the increased number of Californians receiving coverage under federal health care reform.

Unfortunately, the state's current managed care organization (MCO) tax structure fails to comply with new federal requirements that such a tax be broad-based and not limited narrowly to Medi-Cal plans. The current structure, which expires at the end of fiscal year 2015-16, generates $1.3 billion. The Governor's January budget proposed a modified MCO tax that would be levied on a per-enrollee basis and cover most health care plans regulated by the Department of Managed Health Care.

In the special session, the Governor proposes that the Legislature enact permanent and sustainable funding to provide at least $1.1 billion annually to stabilize the state's General Fund costs for Medi-Cal, sufficient funding to continue the restoration of the 7 percent of In-Home Supportive Services hours and funding for additional rate increases for providers of Medi-Cal and developmental disability services. The funding could come from the proposed MCO tax and/or alternative sources and is necessary to prevent over $1 billion in program cuts next year.

Unfortunately, they have still not been able to reach a deal on either of the special sessions, so those continue into 2016; this could create some potential problems due to the $1.3 billion short fall from the lack of an MCO tax fix. However, the Governor's budget which was released on January 8, 2016, did propose a solution, now the legislature must decide if that is the one they want to adopt. There are conference committees that have been convened to continue on-going discussions both related to the transportation fixes and the Medi-Cal issues related to the Managed Care Organizations (MCO) tax, but time is of the essence.

Bills of Interest to the County

AB 35 (Chiu) This bill increases the amount of low-income housing tax credits (LIHTCs) the California Tax Credit Allocation Commission (CTCAC) can allocate for low-income housing; revises percentages; and establishes new categories. The County is in support of this bill. Unfortunately, the bill was vetoed by the Governor on October 10, 2015. The author plans to address these issues again in 2016, especially in light of the proposed Homelessness package.

AB 45 (Mullin) This bill is opposed by the County. The bill would mandate cities and counties that provide residential collection and disposal of solid waste to create a household hazardous waste (HHW) baseline and to meet an unspecified diversion requirement for HHW collection. The bill was opposed by many cities and counties. The bill is a two-year bill; it will be taken up again in January, 2016.

AB 1335 (Atkins) This bill would enact the Building Homes and Jobs Act. The bill would make legislative findings and declarations related to the need for establishing permanent, on-going sources of funding dedicated to affordable housing development. The bill would impose a fee 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. The bill remains on the Assembly Floor, it has until January 31st to make it out of the house of origin. The bill is supported by the County.

SB 122 (Jackson, Hill and Roth) This bill is a vehicle for potential CEQA reform. The bill would require the lead agency, at the request of a project applicant and consent of the lead agency, to prepare a record of proceedings concurrently with the preparation of a negative declaration, mitigated negative declaration, EIR, or other environmental document for projects. The bill would state the intent of the Legislature to enact legislation establishing an electronic database clearinghouse of notices and environmental document prepared pursuant to CEQA, establishing a public review period for a final environmental impact report, and relating to the record of proceedings for a project for which an environmental impact report is prepared pursuant to CEQA. This County is supporting the bill. The bill passed the Assembly Natural Resources Committee where it passed 7-1; it is now sitting on the Assembly Appropriations Suspense file, and will be taken up in 2016.

SB 233 (Hertzberg) AB 2503 (Perez) Chapter 687, 2010, established the “rigs to reefs” program when it passed. The current law passed with much consideration across the state and included relevant stakeholders and agencies to address the issues surrounding oil platforms remaining in the ocean off the coast of California. The County is opposed to SB 233 because we believe it is unnecessary. The measure is a two-year bill, sitting in the Assembly Appropriations Committee and will come up in 2016.

SB 788 (McGuire) The County is supporting this measure. This bill eliminates the exception in the California Coastal Sanctuary Act of 1994 (AB 2444, O'Connell) (CCSA) that allows the State Lands Commission (Commission) to issue an offshore oil lease if state oil or gas deposits are being drained by wells on federal lands and the lease is in the best interests of the state. The bill is a two-year bill; it is sitting in the Assembly Appropriations Committee where it will be heard in 2016.

Conclusion

At the end of session we saw many leadership changes; Senator Jean Fuller (R-Bakersfield) is the new Republican leader in the Senate, replacing Senator Bob Huff (R-Diamond Bar). Assembly Member Chad Mayes (R-Yucca Valley) will come in as the Assembly Republican leader in January of 2016, replacing Assembly Member Kristin Olsen (R-Modesto). Finally, Assembly Member Anthony Rendon (D- Lakewood) will take over as the Speaker of the Assembly in January/March of 2016 replacing Speaker Toni Atkins (D-San Diego). While many of these leaders where placeholders, the replacements were surprises, however we look forward to working with the new leadership in the coming years ahead, keep in mind that the Assembly leaders are part of the 12-year class so they have the potential to have a big impact on the State.

They returned on January 4, 2015 and have been very busy attempting to move any two-year bills out of their house of origin. Once that January deadlines passes, they will begin to focus on the Governor’s budget which was released on January 8, 2016, as well as the bill introduction deadline of February 19, 2016. As always, if you have any questions, please don’t hesitate to contact us.