

TO: Members, County of Santa Barbara Legislative Committee

FROM: Cliff Berg, Legislative Advocate
Monica Miller, Legislative Advocate

RE: February 2016 Update

DATE: March 1, 2016

The legislature is back in session for the second year of the two-year session. February had a hard deadline for bill introductions on February 19, 2016. There were 1,326 AB introductions this year (last year, there were 1,550 introductions) and there were 667 SB introductions this year (Last year, there were 805 introductions) this brings the total number of regular session introductions this year: 1,993; total number from last year: 2,355; total for the 2-year session so far: 4,348. This is a smaller number than we have seen in the past years, we believe this is a result of the new term-limits and legislators taking more time to put together their packages so they can become experts in various areas.

Our office has reviewed all of the introduced bills and will now work with staff and our delegation to see which bills to take to the legislative committee for positions, possible amendments or just more information gathering.

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/MCO Tax:

The legislature and the Administration reached a deal on the MCO tax which was passed by the legislature on February 29, 2016. SBX2-2, ABX2-1 and AB 133 – passed by both houses of the Legislature, that will result in a net tax cut, maintain more than \$1 billion in critical federal funds, reduce debt by more than \$400 million and direct approximately \$300 million in new funding to help those with developmental disabilities. These bills will be signed as soon as they reach the Governor's desk.

Since 2005, the state's MCO financing structure has generated revenue from Medi-Cal managed care plans. This revenue has been matched by the federal government and used to pay for the Medi-Cal program, including increasing payments to Medi-Cal providers. However, in 2014, the federal government released guidance indicating that this structure would be impermissible under federal Medicaid regulations starting in 2016-17 – a shift that would result in the loss of more than \$1 billion in federal funding.

To prevent the loss of federal funds and the resulting cuts to health care services in California, Governor Brown called a special session and the Administration has been working closely with the Legislature and other stakeholders on a solution.

The legislative package meets the federal government's new rules, thereby maintaining federal funds critical to funding health care services. The package also includes a \$300 million increase in state funds to boost services for people with developmental disabilities and provides more than \$400 million in debt relief by prefunding retiree health benefits and repaying transportation-related loans.

The legislation restructures the taxes assessed on the health insurance industry and is projected to reduce overall tax liability for the industry. In addition to being approved by more than two-thirds of the Legislature, this bipartisan legislation was supported by dozens of organizations including the California Association of Health Plans, California Chamber of Commerce, California Association of Health Facilities, Local Health Plans of California, California Hospital Association, Health Access California, Western Center on Law and Poverty and the Lanterman Coalition, including the Arc of California and the Association of Regional Center Agencies.

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

With the bill introduction deadline behind us, the Governor’s budget having been presented and leadership changes in place, we will now shift our focus. The new speaker of the Assembly, Speaker-Elect Anthony Rendon (D-Lakewood) will officially take office on Monday, March 7, 2016. We anticipate that there will be many changes made to committees, both chairs as well as the membership. He has already made many changes at the senior staff level in light of the possibility of his leadership extending for the next 10 years.

As we move into spring we will also start hearing bills in policy committees, so far many of the committees after the January two-year bill deadline have been mostly informational. As we mentioned we will work with your staff on getting bills that don’t fall into our legislative platform to your legislative committee for positions. As always, let us know if you have any questions or would like additional details.

