

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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November 7, 2012

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer **PB**

RE: Legislative Update

CONTACT: Don Lockhart, AICP, Assistant Executive Officer (916) 874-2937
[Don.Lockhart@SacLAFCo.org]

RECOMMENDATION

No action is recommended.

BACKGROUND

This memo is part of the ongoing effort to keep your Commission informed regarding various legislative matters.

There is no pending legislation, as the most recent legislative biennial (two-year) session has concluded. The process of government by which bills are considered and laws enacted is commonly referred to as the "legislative process" (please see attached process diagram.) Pursuant to the California Constitution, on the first Monday in December after the November general election, both Houses of the Legislature (Assembly and Senate) organize, elect officers and adopt rules for the upcoming two-year session. The two-year session is organized based on a legislative calendar. In the first year of the two-year session (e.g., 2013) both Houses will meet from January until mid-September and then recess until January of the even-numbered year. In the second year (e.g., 2014) the Legislature meets from the first week in January until it finally adjourns on November 30 of the even-numbered year.

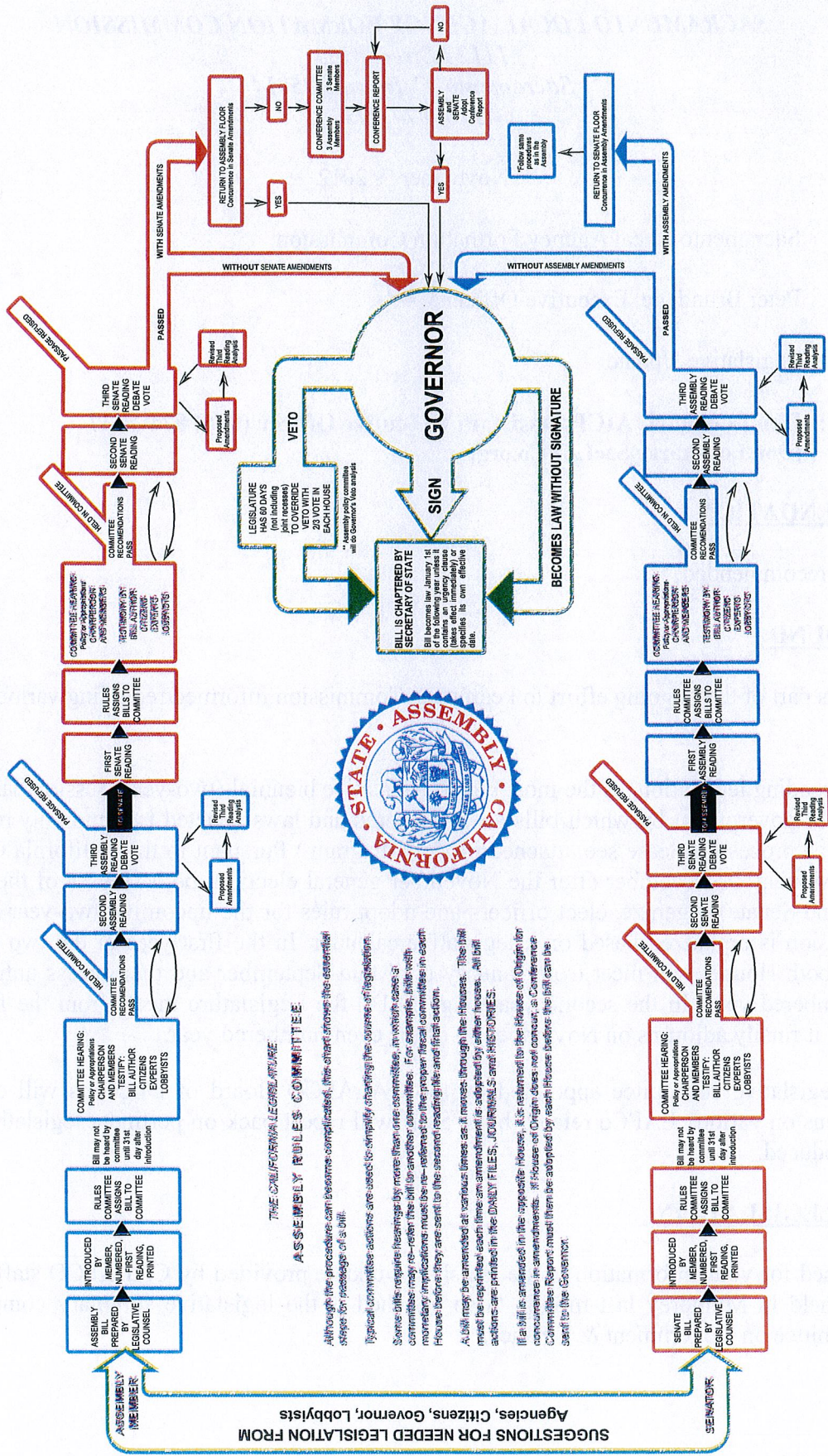
An ad-hoc legislative committee appointed by the CALAFCO Board of Directors will consider and adopt positions on various LAFCo related bills. Staff will report back on pertinent legislative efforts as they are introduced.

PENDING LEGISLATION

None. Attached for your information is the legislative update provided by CALAFCO staff the Annual Conference held in Monterey last month. Also attached is the legislative summary compiled by the Senate Committee on Government & Finance.

THE LIFE CYCLE OF LEGISLATION

From Idea into Law



THE CALIFORNIA LEGISLATURE ASSEMBLY RULES COMMITTEE

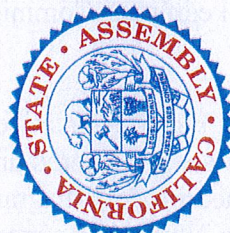
Although the procedure can become complicated, this chart shows the essential steps for passage of a bill.

Typical committee actions are used to simplify charting the course of legislation.

Some bills require hearings by more than one committee, in which case 3 committees may refer the bill to another committee. For example, bills with monetary implications must be referred to the proper fiscal committee in each House before they are sent to the second reading date and final action.

A bill may be amended at various times as it moves through the House. The bill must be reprinted each time an amendment is adopted by either House. All bill actions are printed in the DAILY FILES, JOURNALS and HISTORIES.

If a bill is amended in the opposite House, it is returned to the House of Origin for concurrence in amendments. If House of Origin does not concur, a Conference Committee must then be adopted by each House before the bill can be sent to the Governor.



GOVERNOR

SIGN

BILLS CHARTERED BY SECRETARY OF STATE
Bill becomes law January 1st unless it contains an urgency clause (less effect immediately or after 30 days if its own effective date).

VETO

LEGISLATURE (not including joint recesses) VETO WITH EACH HOUSE
Veto may be overridden by 2/3 vote of each House.

SUGGESTIONS FOR NEEDED LEGISLATION FROM
ASSEMBLY MEMBER
SENATOR
AGENCIES, CITIZENS, GOVERNOR, LOBBYISTS

Assembly Local Government Committee

Assembly Member Cameron Smyth, Chair

LEGISLATIVE UPDATE FROM SACRAMENTO

2012 CALAFCO ANNUAL CONFERENCE

October 5, 2012

Life After Redevelopment – Are Infrastructure Financing Districts (IFDs) the Solution?

- SB 214 (Wolk) – would have eliminated the voter approval requirement for a city or county to create an IFD and would have expanded the type of projects that could be financed by an IFD, including watershed lands, flood management, habitat restoration, cleanup and development of brownfield properties (Polanco Act), projects that implement a transit priority project, or regional transportation plan. **VETOED.**
- AB 2144 (Assembly Speaker Perez) – would have expanded the types of facilities and projects that could be financed under IFD law, would have reduced the voter threshold for the creation of an IFD and the issuance of bonds for the IFD, would have authorized an IFD to utilize the powers provided under the Polanco Act for brownfield cleanup, and would have renamed IFD law to the Infrastructure and Revitalization Financing District (IRFD) Act. **VETOED.**
- SB 1156 (Senate President Pro Tem Steinberg) - would have allowed cities and counties to establish Sustainable Communities Investment Authorities (Authorities) to use tax increment financing, on a limited scale, along with other financing tools to support the goals of SB 375 (Steinberg), Chapter 728, Statutes of 2008. **VETOED.**
- AB 2551 (Hueso) – would have authorized a legislative body of a city or county to establish an IFD in a "renewable energy infrastructure area" as the bill defined, and would have exempted the creation of the IFD from voter-approval requirements. **VETOED.**
- AB 2259 (Ammiano) – makes conforming changes to San Francisco's special waterfront IFDs related to the America's Cup. **SIGNED - Chapter 785, Statutes of 2012.**

Municipal Bankruptcy – Who's Next?

- AB 1692 (Wieckowski) – Would have revised recently enacted language relating to the neutral evaluation process for local public entities contained in AB 506 (Wieckowski), Chapter 675, Statutes of 2011. **PASSED ASSEMBLY, DIED IN SENATE RULES COMMITTEE.**

Health Care Districts: Scrutiny = More Legislation To Come

- AB 2115 (Alejo) – would have required local health care districts to enter into a written employment agreement to employ or contract for a hospital administrator or chief executive officer. **VETOED.**
- AB 2180 (Alejo) – requires local health care districts' written employment agreements with hospital administrators or chief executive officers to include specified information about compensation. **SIGNED – Chapter 332, Statutes of 2012.**
- AB 2418 (Gordon) – would have required health care districts to spend 95% of tax revenue on current community health care benefits, as the bill defines, and would have limited to 30% the amount of annual revenue that could have been allocated to reserves. **DIED IN THE ASSEMBLY APPROPRIATIONS COMMITTEE.**

Lovely LAFCO-Related Bills

- AB 2238 (Perea) – bill version that passed the Assembly would have allowed LAFcos, in their municipal service reviews, to assess alternatives for improving efficiency and affordability of infrastructure and service delivery for drinking water and wastewater services, and would have added new requirements to the Department of Public Health for programs related to small community water systems. **AB 2238 morphed into a non-LAFCO bill in the Senate and didn't move out of the Senate Appropriations Committee.**
- AB 2698 (Assembly Local Government Committee) – annual Assembly Local Government Committee Omnibus bill that makes several minor noncontroversial changes to the Cortese-Knox-Hertzberg Act. **SIGNED - Chapter 62, Statutes of 2012.**
- SB 1090 (Senate Governance and Finance Committee) – annual Local Government Omnibus Act that makes several minor noncontroversial changes to the state laws affecting local agencies' powers and duties. **SIGNED - Chapter 330, Statutes of 2012.**

--Under SB 1090, cities will be required to identify and plan only for island and fringe communities that are disadvantaged unincorporated communities. SB 1090 clarifies that a city need not develop new data to comply with SB 244's

(Wolk, Chapter 513, Statutes of 2011) requirement to update the general plan land use element to analyze service needs for disadvantaged unincorporated communities. SB 1090 allows updates to be based on existing data, like what is provided by LAFCO MSRs.

- AB 1098 (Carter)* – would have reallocated vehicle license fee revenue to recently incorporated cities and to cities that annexed inhabited territory to fix the consequences of a budget bill, SB 89 (Budget Committee, Chapter 35, Statutes of 2011). URGENCY MEASURE, 2/3 vote of each house. **VETOED** with message:

"As drafted, this bill would undermine the 2011 Realignment formulas in a manner that would jeopardize dollars for local public safety programs, provides cities new funding beyond what existed under previous law, and would create a hole in the General Fund to the tune of \$18 million. Given the current fiscal uncertainties, this is not acceptable."

--*SB 1566 (Negrete Mcleod) – substantially similar bill that was introduced during the regular bill introduction deadline. SB 1566 passed the Senate Governance & Finance Committee, but died in the Senate Appropriations Committee.

CONTACT INFORMATION: Assembly Local Government Committee – (916) 319-3958

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Senator Lois Wolk, Committee Chair
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September 7, 2012

TO: People Interested in Public Finance and Governance Legislation

FROM: Senator Lois Wolk, Committee Chair

SUBJECT: Important Bills During 2012

With the regular legislative session ended, I want you to know about some of the more interesting bills that the Senate Governance & Finance Committee worked on during 2012. These brief summaries offer you a selection of the significant bills that the Committee has worked on this year. The Governor has until September 30 to sign or veto bills. Urgency bills take effect on the day they are chaptered; regular bills will take effect on January 1, 2013. If you want to read the Committee's bill analyses or get a copy of a bill, please go to the Legislature's official website www.leginfo.ca.gov. You can also use that website to retrieve other bill analyses, official histories, voting records, and any veto messages.

California Alternative Energy and Alternative Transportation Financing Authority
(CAEATFA)

SB 1128 (Padilla) Expands the sales and use tax exemption under the CAEATFA program to include "advanced manufacturing." Status: Governor's Desk.

AB 796 (Blumenfield) creates a new financing program under CAEATFA to assist eligible California-based entities with the development and expansion of "clean energy" technology manufacturing and commercialization. Status: Governor's Desk.

Corporate Taxes

AB 1500 (Perez) makes the elective single sales factor apportionment mandatory to fund the Middle Class Scholarship Program. Status: Died on the Senate Floor.

AB 2439 (Eng) requires the largest corporations tax liability and single sales factor election to be listed on the Franchise Tax Board's website. Status: Died on the Senate Floor.

SB 1505 (DeSaulnier) makes the single sales factor mandatory and requires the money be used for veterans. Status: Died in the Senate Veterans Affairs Committee.

Enterprise Zones

AB 484 (Alejo) extends expired enterprise zones in Watsonville and Antelope Valley for two years. Status: Died in the Senate Governance and Finance Committee.

Income Tax Form

SB 1571 (DeSaulnier) creates a tax check off for school supplies. Status: Governor's Desk.

AB 233 (Hall) creates a check off for the YMCA on the income tax form. Status: Governor's Desk.

AB 1589 (Huffman) creates an income tax check off for the state parks and allows taxpayers to buy an annual pass on the income tax form. Status: Governor's Desk.

LAFCOs & Boundary Changes

AB 2698 (Assembly Local Government Committee) is the annual Assembly Local Government Omnibus Act, making several minor and noncontroversial changes to state laws affecting local government organization and reorganization. Status: Signed; Chapter 62, Statutes of 2012.

Land Use Planning & Development

SB 1094 (Kehoe) makes several changes to state laws governing conservation easements. Status: Governor's Desk.

SB 1241 (Kehoe) requires a city or county to address fire risk for state responsibility areas and very high fire severity zones in general plan updates and subdivision approvals. Status: Governor's Desk.

SB 1278 (Wolk) makes several changes to Sacramento-San Joaquin Valley cities and counties' flood hazard planning and development practices. Status: Governor's Desk.

AB 904 (Skinner) creates the Sustainable Minimum Parking Requirements Act of 2012. Status: Died in the Senate Governance and Finance Committee.

AB 1616 (Gatto)* establishes various zoning and permit requirements pertaining to cottage food industries. Status: Governor's Desk.

AB 2351 (Gordon) requires a landowner seeking to cancel a Williamson Act contract to pay a 5% cancellation fee. Status: Died on the Senate Floor.

AB 2680 (Assembly Agriculture Committee) repeals the automatic termination date to authorize a city or county and landowner to rescind a Williamson Act contract and simultaneously enter into a new contract to facilitate a lot line adjustment with no sunset. Status: Signed, Chapter 128, Statutes of 2012.

Local Finance & Infrastructure

SB 214 (Wolk)* makes it easier for local governments to use Infrastructure Financing Districts (IFDs). Status: Governor's Desk.

SB 829 (Rubio) bans state funding for city construction projects in a charter city which prohibits or restricts its city council's ability to adopt, require, or utilize a project labor agreement. Status: Signed, Chapter 11, Statutes of 2012.

SB 1120 (Berryhill) states that a local agency does not need to provide subsidies to cure property-related service deficiencies if the agency's voters reject or reduce a property-related fee. Status: Died on the Senate Floor.

SB 1125 (Hancock) requires local government entities to contract from a vendor or contractor that has a valid California seller's permit or certificate of registration. Status: Died in the Senate Appropriations Committee.

SB 1257 (Hernandez) prohibits a local government from levying a utility user tax on the consumption of electricity as a motor vehicle fuel for an electric public transit bus. Status: Signed, Chapter 213, Statutes of 2012.

SB 1566 (Negrete Mcleod) reallocates vehicle license fees to recently incorporated cities and cities that have annexed inhabited territory. Status: Died in the Senate Appropriations Committee.

SB 1342 (Emmerson) increases, from \$3 to \$10, the maximum fee that a county can place on specified recorded documents to fund real estate fraud deterrence, investigations, and prosecutions. Status: Signed, Chapter 104, Statutes of 2012.

AB 1098 (Carter) reallocates vehicle license fees to recently incorporated cities and cities that have annexed inhabited territory. Status: Governor's Desk.

AB 1191 (Huber) allows a county in which all school districts are “basic aid” districts to receive reimbursement for lost sales tax and vehicle license fee revenues diverted under state law. Status: Died in the Senate Appropriations Committee.

AB 1852 (Campos) authorizes counties and some cities to impose fees on copies of vital records to fund the coordination of domestic violence and child abuse prevention efforts. Status: Governor’s Desk.

AB 2144 (Pérez) makes it easier for cities and counties to use Infrastructure and Revitalization Financing Districts. Status: Governor’s Desk.

AB 2259 (Ammiano) makes conforming changes to San Francisco’s special waterfront Infrastructure Financing Districts for the Port America’s Cup. Status: Governor’s Desk.

AB 2388 (Beall) changes the Santa Clara Open Space District’s bidding procedures. Status: Governor’s Desk.

AB 2551 (Hueso) makes it easier for a city or county to create an infrastructure financing district in a renewable energy infrastructure district. Status: Governor’s Desk.

AB 2567 (Carter) allows a local wastewater service provider to adopt a schedule of fees authorizing automatic adjustments for increases in wholesale wastewater treatment charges. Status: Signed, Chapter 103, Statutes of 2012.

Local Powers & Governance

SB 475 (Wright) allows a local health authority to fulfill the Brown Act’s teleconference meeting quorum requirement by counting board members located outside of its jurisdiction. Status: Signed, Chapter 209, Statutes of 2012.

SB 1003 (Yee) clarifies that legal action can be pursued, under the Brown Act, for the prior actions of local agencies and establishes procedures for filing an action. Status: Governor’s Desk.

SB 1090 (Senate Governance & Finance Committee) is the annual Local Government Omnibus Act, making several relatively minor and noncontroversial changes to the state laws affecting local agencies’ powers and duties. Status: Governor’s Desk.

SB 1222 (Leno) caps permit fees for commercial and residential solar rooftop installations but allows local governments to charge above the cap if they issue a finding that justifies the need for a higher fee. Status: Governor’s Desk.

SB 1149 (DeSaulnier) creates the Bay Area Regional Commission to coordinate Bay Area regional agencies’ activities. Status: Died in the Senate Appropriations Committee.

SB 1468 (Calderon) allows new retail licenses for selling fireworks during the week before New Year's Day. Status: Died in the Assembly Appropriations Committee.

AB 1345 (Lara) imposes additional requirements on audits of local governments. Status: Governor's Desk.

AB 1831 (Dickinson) prohibits a county or city from inquiring about or considering a job applicant's criminal background history until after determining an applicant's qualifications. Status: Died in the Senate Governance and Finance Committee.

AB 2115 (Alejo) requires local health care districts to enter into written employment agreements to employ or contract for a hospital administrator or chief executive officer. Status: Governor's Desk.

AB 2180 (Alejo) requires local health care districts' written employment agreements with hospital administrators or chief executive officers to include specified information about compensation. Status: Governor's Desk.

AB 2231 (Fuentes) requires majority-voter approval to repeal any city or county ordinance requiring the city or county to repair sidewalks. Status: Died in the Senate Appropriations Committee.

AB 2299 (Feuer) authorizes a county board of supervisors to establish a program that requires county recorders and assessors to redact public safety officials' names from property records, at the official's request. Status: Died in the Senate Governance and Finance Committee.

Property Taxes

AB 1700 (Butler) clarifies that owners of lands committed to open space and natural preservation don't lose welfare exemptions from property tax because of revenues from cattle grazing, camping, and hiking. Status: Died in the Senate Appropriations Committee.

AB 2046 (Allen) provides that tenants in floating home marinas that want to purchase the marina can do so without reassessment of the marina, similar to mobile home parks. Status: Governor's Desk.

Redevelopment

SB 986 (Dutton) allows successor agencies to keep former redevelopment agencies' bond proceeds and enter into new enforceable obligations funded by bond proceeds. Status: Died on the Senate Floor.

SB 1056 (Hancock) expands the definition of “enforceable obligation” to include financial obligations related to a project funded with both tax increment and federal school construction bonds. Status: Died in the Senate Governance and Finance Committee.

SB 1151 (Steinberg) creates an alternative process that allows communities to use their former redevelopment agencies’ assets for economic development and housing purposes. Status: Died in the Assembly Housing and Community Development Committee.

SB 1156 (Steinberg) allows cities and counties to form Sustainable Communities Investment Joint Power Agencies to administer economic development and affordable housing programs. Status: Died in the Assembly Appropriations Committee.

SB 1335 (Pavley) allows successor agencies to retain former redevelopment agencies’ brownfield properties for the purpose of remediating or removing hazardous materials. Status: Died in the Senate Appropriations Committee.

AB 1484 (Assembly Budget Committee)* clarifies statutes governing the dissolution of redevelopment agencies and addresses substantive issues related to administrative processes, affordable housing activities, repayment of loans from communities, use of existing bond proceeds, and the disposition or retention of former redevelopment agency assets. Status: Signed, Chapter 26, Statutes of 2012.

Sales & Use Taxes

SB 1243 (Lowenthal) extends the bunker fuel sales and use tax exemption for 10 years. Status: Governor’s Desk.

AB 1050 (Ma) creates a collection mechanism for state and local taxes, charges, and fees on prepaid wireless telecommunication. Status: Died in the Senate Governance and Finance Committee.

AB 1446 (Feuer) makes permanent the transactions and use tax in Los Angeles and does not subject it to the 2% cap. Status: Governor’s Desk.

AB 2618 (Ma) limits who can acquire salvage certificate vehicles to those persons that are licensed dealers, dismantlers, auto repair dealers, or scrap metal processors. Status: Governor’s Desk.

State Bonds

SB 633 (Huff) allows the Department of Finance to order an agency to cease and desist spending bond funds if it finds the agency misspent bond funds. Status: Died in the Assembly Business and Professions Committee.

State Budget, Reform & Realignment

SB 1554 (Correa) consolidates all tax agencies into the Board of Equalization. Status: Died in the Senate Governance and Finance Committee.

SCA 2 (Wyland) requires the state to adopt a budget for two fiscal years, and include with the budget information on the goals and performance of public programs. Status: Died in the Senate Elections and Constitutional Amendments Committee.

SCA 10 (Strickland) requires 2/3 vote on bills for any new or higher state or local tax, and revises Gann Limits. Status: Died in the Senate Governance and Finance Committee.

AB 2323 (Perea) requires the Board of Equalization to publish its decisions on tax appeal decisions with an impact of more than \$500,000. Status: Governor's Desk.

AB 2638 (Eng) amends current tax expenditure reports and State Budget information published by the Department of Finance to include tax expenditure information, and requires disclosure of further tax expenditure data. Status: Governor's Desk.

GRP 2* reorganizes state government to reduce the number of state agencies, consolidate state programs with shared focus and streamline decision-making. Status: Plan takes effect.

State Personal & Corporate Income Taxes

SB 1167 (Calderon) extends the California Motion Picture Tax Credit to July 1, 2017 and requires the Legislative Analyst's Office to evaluate the economic effects and administration of the tax credits. Status: Died at the Assembly Desk.

SB 1179 (Walters) enacts a tax credit of \$3,000 for medical device manufactures to hire a disabled veteran. Status: Died in the Senate Appropriations Committee.

SB 1197 (Calderon) extends the California Motion Picture Tax Credit to July 1, 2017 and requires the Legislative Analyst's Office to evaluate the economic effects and administration of the tax credits. Status: Governor's Desk.

SB 1252 (Rubio) diverts revenue increases from capital gains due the Facebook IPO to infrastructure projects. Status: Died in the Senate Governance and Finance Committee.

SB 1341 (Wolk) allows the Franchise Tax Board to give charities a 120-day grace period to file paperwork with the Attorney General before their tax exempt status is revoked. Status: Governor's Desk.

AB 2026 (Fuentes) extends the California Motion Picture Tax Credit to July 1, 2017 and requires the Legislative Analyst's Office to evaluate the economic effects and administration of the tax credits. Status: Governor's Desk.

AB 2408 (Skinner) repeals net operating loss carry backs. Status: Died on the Senate Floor.

Tax Agents

AB 404 (Gatto) requires tax agents representing taxpayers in property tax appeals to register as lobbyists in counties that regulate lobbying by ordinance. Status: Died on the Senate Floor.

AB 2183 (Smyth) requires tax agents to register in counties where they represent taxpayers in property tax appeals, and enacts a code of conduct and list of prohibited acts for tax agents. Status: Died in the Senate Appropriations Committee.

Tax Relief for Disasters

SB 1158 (Price) allows the Franchise Tax Board to postpone deadlines and abatement of penalties and interest for taxpayers affected by disasters declared by the Governor. Status: Governor's Desk.

SB 1544 (Hernandez) allows taxpayers in the Counties of Los Angeles and San Bernardino that suffered disaster losses due to severe winds in 2011 to file an amended tax return to deduct the loss and reduce prior year tax liability. Status: Governor's Desk.

AB 2332 (Monning) allows taxpayers in the County of Santa Cruz that suffered disaster losses due to severe storms in 2011 to file an amended return to deduct the loss and reduce prior year tax liability. Status: Signed, Chapter 203, Statutes of 2012.

** This bill did not come to the Senate Governance & Finance Committee in 2012.*

To read and retrieve copies of the Senate Governance & Finance Committee's detailed reference materials and other publications -- including citizen's guides to joint powers agreements, special districts, and LAFCOs -- please go to the Committee's website:
<http://sgf.senate.ca.gov>