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**MEMORANDUM**

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**To:** City of Fullerton

**From:** Townsend Public Affairs

**Date:** June 4, 2019

**Subject:** Monthly Report for the City of Fullerton — May 2019

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Legislative Platform	Topic	Specific Activity	Status
<b>FUNDING</b>			
Support Funding Opportunities Support opportunities that allow the City to compete for its fair share of regional, state and federal funding.	Funding Opportunities	TPA worked with the City in writing and distributing a letter requesting \$40 million from the State Budget to be deposited to the Orange County Housing Finance Trust (OCHFT).	TPA continues to identify funding opportunities for the City through competitive grants as well as legislative directed funding, such as the State Budget.
<b>LEGISLATION</b>			
Legislative Action	Pending Legislation	May 17 was the Appropriations Committee deadline, and May 31 was the house of origin deadline. TPA delivered various timely updates, letters of support and opposition, and provided information on key bills of interest to the City. TPA also compiled comprehensive legislative matrices to the City to identify bills to support or oppose based on the city-approved Legislative Platform.	TPA has provided timely updates on several state and federal issues of importance to the City including sales tax measures, state water tax, housing legislation, funding for mental health services and homeless shelters, as well as legislation impacting the City's local control.

**State Legislative Update**

May was a busy month in Sacramento as the legislative calendar included the non-fiscal policy committee, fiscal committee, and floor session bill deadlines. May 17 was the Appropriations Committee deadline for both the Senate and the Assembly. If a bill is deemed as having a fiscal impact to the State, it must pass the Appropriations Committee before it has a vote on the Floor.

On May 16, the Senate and Assembly Appropriations Committee both conducted their Suspense Files hearings, which considered over 1,000 bills in as little as a couple of hours. The over 400 bills that did not pass out of their Appropriations Committees are now two-year bills and can be considered again in January 2020. May 31 was also the last day for bills to be passed out of their house of origin. All bills that did not pass out of their house of origin by May 31 are now two-year bills.

Additionally, both the Assembly and Senate have adopted their respective budgets and have now entered the budget conference committee negotiations phase of the budget process. The 2019 Conference Committee on the Budget conferees from each house are:

#### *Senate*

- Holly Mitchell (D-Los Angeles) - Conference Chair
- Jim Nielsen (R-Roseville)
- Richard Roth (D-Riverside)
- Nancy Skinner (D-Oakland)
- John Moorlach (R-Costa Mesa)

#### *Assembly*

- Phil Ting (D-San Francisco) - Conference Co-Chair
- Chad Mayes (R-Rancho Mirage)
- Kevin McCarty (D-Sacramento)
- Jay Obernolte (R-Hesperia)
- Shirley Weber (D-San Diego)

The Legislature must pass a budget to send to the Governor for his signature or veto by June 15. Below is a list of other key upcoming deadlines in the Legislature:

**June 3** – Committee hearings may resume

**June 15** – Budget bill must be passed by midnight

**July 12** – Last day for policy committees to meet and report bills to the floor

#### Governor Newsom's May Revise

On May 9, Governor Newsom released his May Revision Budget proposal for FY 2019-20. The May Revise incorporates changes to the Governor's January Budget proposal after taking into account actual state tax revenue and a more accurate financial forecast for the upcoming fiscal years.

The January Budget proposal totaled \$209.1 billion, however, the May Revise projects additional revenues bringing the total proposed Budget to approximately \$213.5 billion. The Governor noted that the majority of these revenue funds are largely constitutionally obligated to fund statewide reserves (rainy day fund), debt repayment, and Proposition 98 education investments, making the Budget surplus levels more or less unchanged. The May Revise also forecasts slower economic growth over the next three years, a decrease from the January forecast of approximately \$1.6 billion overall by FY 2022-23.

The Governor highlighted his top budget priorities in his presentation, including additional education investment, expanding access to Medi-Cal for undocumented immigrants, and establishing The Parent's Agenda. Other major takeaways include:

### *Housing & Homelessness*

- An additional \$150 million for emergency housing shelters and navigation centers, bringing the Governor's budget proposal total for the Homeless Aid for Planning and Shelter Program (HEAP) to \$650 million. The State's 13 largest cities will receive \$275 million, counties will receive \$275 million, and Continuums of Care (CoCs) will receive \$100 million. The Budget also notes that HEAP funds are contingent on cities and counties submitting regional plans to their CoCs, which must also be approved by the State.
  - **On May 28, Chair of the Orange County Board of Supervisors Lisa Bartlett sent a letter of support regarding the newly proposed HEAP funding stream that would be provided directly to counties.**
- The Governor's mention of his ongoing communications with cities that the State has sued, and those cities the State has threatened to sue, in this year's housing budget negotiations. The Governor said he has heard from cities that are struggling to pay for basic infrastructure such as the maintenance of roads, sidewalks, and streetlights. Some cities have argued that housing investment must come with greater investment in basic infrastructure. As a result of these negotiations, \$500 million has been repurposed for the Infill Infrastructure Grant Program to provide gap funding for housing in high-density areas. This grant will be made available through the Department of Housing and Community Development (HCD).
- The alignment of local jurisdiction housing targets to the forthcoming Regional Housing Needs Assessment (RHNA). The Budget also mentions that HCD will continue to develop long-term regional housing targets through a new RHNA process by 2022.

### *Public Safety*

- An additional \$18 million one-time General Fund payment for the California Violence Intervention and Prevention Grant Program. This grant (\$27 million overall) will be available to cities to support services such as community education, diversion programs, outreach to at-risk youth, and violence reduction.

### *Cap and Trade*

- Updates to the Cap and Trade Program. The Governor's January Budget proposed \$1 billion to support programs that reduce greenhouse gas emissions – the May Revision proposes an additional \$251.1 million. Specifically:
  - Transformative Climate Communities – one-time increase of \$92 million for carbon neutral housing development.
  - Low Carbon Transportation – one-time increase of \$130 million for mitigating diesel pollution. This includes \$65 million to replace agriculture diesel equipment, \$50 million for zero-emission trucks, transit buses, and freight equipment, and \$15

million to help individuals replace high-polluting vehicles with more efficient cars and trucks.

- Climate Smart Agriculture – one-time increase of \$20 million for healthy soils and methane reduction programs.

#### *Emergency Preparedness, Response and Recovery*

- \$769.6 million in additional funding to enhance the State's fire preparedness, including increased capacity to respond to emergency incidents and increased public safety. The May Revise also makes significant investments in the following areas:
  - \$20 million one-time General Fund for a task force within the Cal OES budget. In addition, \$1.5 million and 12 positions are proposed for Cal OES to coordinate with all State agency responders as a part of effectively managing and monitoring this appropriation given it will be responsible for the distribution of these funds. When State entities are mission tasked, some staffing costs associated with those activities are not absorbable within existing budgets, nor are these costs eligible for the California Disaster Assistance Act or Disaster Response-Emergency Operations Act funding. This proposed State mission tasking appropriation provides a resource to fund state entities for costs incurred when mission tasked, and to fund surge capacity needs of the Statewide Disaster Reserve Corps described below.
  - One-time \$518,000 General Fund to reimburse cities, counties and special districts for 2018-19 property tax losses resulting from the 2018 wildfires. This augments the \$31.3 million proposed in the 2019-20 Governor's Budget, and subsequently added to the 2018 Budget Act by Chapter 1, Statutes of 2019 (AB 72).

#### *Fairview Development Center*

- The May Revise also includes a one-time General Fund payment of \$2.2 million to complete a site evaluation of the Fairview Development Center in the City of Costa Mesa. The budget summary expresses the state's commitment to working with the City of Costa Mesa and the County of Orange to properly reuse the Center in accordance with meeting housing and homelessness needs in the region.

The Legislature has until June 15 to consider the Governor's Budget proposal and ultimately vote on a final Budget. The Budget Conference Committee will continue to negotiate over the next two weeks and incorporate its own legislative priorities in the Budget. Once both chambers pass a unified budget, it will go to the Governor's desk for approval.

#### **Federal Legislative Update**

In May, the House Appropriations Committee began public release and committee approval of Fiscal Year 2020 funding bills, moving the goal post with significant differences from the President's budget request. The House and Senate returned to their districts for the Memorial Day holiday but will return in June for additional appropriations hearings and debate.

#### **Appropriations Markups**

While Congress was out of session for the Memorial Day holiday, congressional staff and stakeholders analyzed progress on the federal appropriations process and current proposed funding levels.

- The House of Representatives' Appropriations Committee has so far introduced 10 out of 12 Fiscal Year (FY) 2020 funding bills, and approved 8 of those bills.
- The Senate plans to begin introducing appropriations bills early next month.
- Thanks to continued advocacy, we are seeing many of the proposed funding levels for FY 2020 to be about the same as the FY 2019 levels, most of which also saw increases in priority areas.
- Our spotlight system in the charts below indicates the proposed funding levels for your priority programs:
  - Green highlights the areas in which the proposed funding level is at or above the level we requested.
  - Yellow indicates that one of the two chambers recommended our requested levels, or a minor cut proposed by both chambers.
  - Red indicates a significant proposed cut.
    - TPA continues to focus on programs in yellow and red to ensure adequate funding in FY 2019.
- Many funding increases trigger better chances of receiving grant funding, both through federal programs and state programs that receive federal dollars

#### **Housing/Community Development:**

<b>Program</b>	<b>FY 2019 enacted</b>	<b>FY 2020 President's Request</b>	<b>FY 2020 House</b>	<b>FY 2020 Senate</b>	<b>FY 2020 Enacted</b>
Community Development Block Grant (CDBG)	\$3.3 billion	\$0	\$3.6 billion	N/A	N/A
HOME Investment Partnerships	\$1.25 billion	\$0	\$1.75 billion	N/A	N/A
Homeless Assistance Grants	\$2.64 billion	\$2.6 billion	\$2.8 billion	N/A	N/A
National Endowment for the Arts (NEA)	\$155 million	\$0	\$167.5 million	N/A	N/A
National Endowment for the Humanities (NEH)	\$155 million	\$0	\$167.5 million	N/A	N/A
Institute of Museum and Library Services (IMLS)	\$242 million	\$0	\$267 million	N/A	N/A

**Transportation:**

<b>Program</b>	<b>FY 2019 enacted</b>	<b>FY 2020 President's Request</b>	<b>FY 2020 House</b>	<b>FY 2020 Senate</b>	<b>FY 2020 Enacted</b>
Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grants	\$900 million	\$1 billion	\$1 billion	N/A	N/A
Infrastructure For Rebuilding America (INFRA) Grants	\$1 billion	\$2.035 billion	\$1 billion	N/A	N/A
Federal Transit Administration Capital Investment Program (New Starts)	\$2.6 billion	\$1.5 billion	\$2.3 billion	N/A	N/A
Bus and Bus Facilities Infrastructure Investment	\$390 million	\$391 million	\$389 million	N/A	N/A

**Public Safety:**

<b>Program</b>	<b>FY 2019 enacted</b>	<b>FY 2020 President's Request</b>	<b>FY 2020 House</b>	<b>FY 2020 Senate</b>	<b>FY 2020 Enacted</b>
Community Oriented Policing Services (COPS)***	\$225.5 million	\$99 million	\$323 million	N/A	N/A
Recidivism/Reentry Grants	\$87.5 million	\$85 million	\$80 million	N/A	N/A
Assistance to Firefighters (AFG) Grants	\$350 million	\$344 million	N/A	N/A	N/A
Staffing for Adequate Fire and Emergency Response (SAFER) Grants	\$350 million	\$344 million	N/A	N/A	N/A

FEMA Pre-Disaster Mitigation Grant Program	\$250 million	\$0	N/A	N/A	N/A
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\*\*\* In response to a lawsuit, COPS has put a hold on several grant programs for the FY18 cycle, including the COPS hiring program. If the hold is not resolved soon, this could affect appropriations for FY20, including prompting a cut while COPS allocates its delayed FY18 and FY19 award funding. While congressional appropriators are not currently factoring this in, we are aware of its ability to change in the near future.

#### **Water:**

Program	FY 2019 enacted	FY 2020 President's Request	FY 2020 House	FY 2020 Senate	FY 2020 Enacted
Clean Water State Revolving Fund	\$1.7 billion	\$1.12 billion	N/A	N/A	N/A
Drinking Water State Revolving Fund	\$1.18 billion	\$863 million	N/A	N/A	N/A
Bureau of Reclamation	\$1.57 billion	\$1.1 billion	\$1.63 billion	N/A	N/A
WIFIA	\$68 million	\$25 million	\$45 million	N/A	N/A

#### **Environment:**

Program	FY 2019 enacted	FY 2020 President's Request	FY 2020 House	FY 2020 Senate	FY 2020 Enacted
Land and Water Conservation Fund (LWCF) Land Acquisition and State Assistance	\$153 million	\$104 million	\$280 million	N/A	N/A
National Parks Service Operations	\$2.51 billion	\$2.43 billion	\$2.65 billion	N/A	N/A
Yucca Mountain Nuclear Waste Repository	\$0	\$31.7 billion	\$0	N/A	N/A

### **City of Fullerton Legislative Priorities**

#### **Housing**

*Legislative Platform: Policy Statements – California Environmental Quality Act (CEQA)*

- *Support measures and reforms which streamline the CEQA process for the development of housing and mixed-use infill projects that support transit.*
- *Support housing measures that promote the development and enhancement of safe and affordable housing and accessible housing within the City for all economic segments of the population, while still retaining local control.*

### State Housing Update

In an enormous move, SB 50 by Senator Scott Wiener, this year's comprehensive housing legislation, failed to pass the Senate Appropriations Committee and is now a two-year bill. The bill would have made sweeping changes to local zoning laws by forcing local governments to allow taller apartment buildings and multi-use complexes near transit areas and job centers. The bill will not be considered again until the start of the 2020 legislative session.

Senator Portantino (D-La Canada Flintridge), Chair of the Senate Appropriations Committee, stated that there were issues within the bill that needed to be addressed before it could proceed to the floor for a vote. Senator Wiener expressed his commitment to working on SB 50 through any means necessary, while Governor Newsom indicated his disappointment in the Committee's decision to not allow the bill to move forward this year.

Although SB 50 will not be considered again this year, there are other housing proposals that continue to move forward in the Legislature. SB 330 (Skinner) would make it more difficult for cities to properly analyze local development projects by allowing developers to submit a preliminary application and streamline the approval process without adequate review from city staff. The bill would also restrict cities from imposing parking restrictions within one-quarter mile of a rail stop and would require cities to prematurely assign impact fees for development projects.

SB 330 passed the Senate by a vote of 28-7 and has been referred to the Assembly.

### Economic Development

*Legislative Platform: Economic Development*

- *Support policies, projects, programs and regulations for diversifying Fullerton's manufacturing base and facilitating investment in the City's industrial areas that will result in maintaining or growing local jobs and creating an environment that is attractive to high tech, research and development, business incubators, manufacturers, transportation and warehouse logistic companies, services and other emerging industries.*
- *Support economic development initiatives that preserve and enhance a positive business climate and maintain and grow the business tax base.*

### Federal Opportunity Zones

Amid uncertainty regarding how Opportunity Zones will work, the Department of Treasury released new guidelines aimed to meet investor wishes. However, some issues remain unresolved, and another round of proposed regulations are likely.



A quick summary of the second round of regulations are below.

1. The rules allow a more flexible timeline to invest cash
2. The rules allow a one-year grace period to sell assets and reinvest the proceeds.
3. The rules provide more clarity around how a business can prove it is conducting enough activity in a zone.

#### Details on the Proposed Regulations

- The new Treasury regulations clarify that once a fund receives money, it will have six months to buy assets that qualify for the tax breaks. The rules also specify that land and vacant buildings are eligible investments for an opportunity zone fund. This is even more flexibility than was expected originally.
- The rules provide more clarity for investors who want to set up funds that hold more than one asset. Investors would like to create such funds to reduce the risk of a single bad project wiping out any return.
- The rules also allow investors to get special tax treatment if they've held their stake in the fund for at least 10 years, even if the fund didn't own the asset for a full decade.
- The rules also cleared up an issue investors had criticized concerning how businesses show they're conducting enough activity in a zone. Regulators have wanted to prevent shell companies from exploiting the breaks. To do so, the previous rules required businesses get half of their gross income within their opportunity zone. That would work for an apartment building or a grocery store, but less well for a business hoping to manufacture a product to be sold widely, or provide services online. The new rules solve this by allowing funds three different ways to prove they are conducting enough business within the zone based on employee hours, where services are performed or where management is located. Businesses can also appeal their case. That should prompt more funds that invest in operating businesses to get into the marketplace. Until now, most opportunity zone funds have focused on real estate, because there was a clearer path to claim the benefits.
- The proposed rules provided three safe harbors for following a standard implemented by the first round of regulations—namely, that 50 percent of the fund's gross income stem from active business conduct within its opportunity zone. Two of those safe harbors allow businesses to base that 50 percent standard on services performed by employees and independent contractors. One safe harbor relies on the number of hours worked, and the other uses money paid for those services. However, the extent to which the term "independent contractors" should apply is somewhat unclear – resellers could fall into the definition, which could throw off a fund's ability to stay above the 50 percent threshold.
- If a fund isn't just building a property or business from scratch, it has to "substantially improve" the business or property it buys by investing an amount at least equal to the price it paid in the acquisition. This is a relatively easier calculation to make when it comes to real estate as opposed to operating businesses. The proposed rules would require funds to measure this improvement on an asset-by-asset basis, something the IRS acknowledged in the regulatory text would be difficult to quantify for operating businesses

with diverse assets. The IRS asked for comments on the decision. Investors are indicating that this can create accounting difficulties.

#### Other Unsolved Issues

- Some critics say the law is written so loosely it could become a handout to the wealthy, increasing returns on projects they would have succeeded anyway. Others say the bulk of investment could go to zones in places like Brooklyn or Portland, Oregon, that have little trouble attracting inflows.
- This round of regulations doesn't impose reporting requirements that would allow the IRS to assess penalties on those who violate the rule. As written, the law imposes a penalty on funds that fail a test of whether at least 90 percent of their assets are held in "qualified opportunity zone property," a classification that comes with its own percentage threshold tests. The regulations said the IRS and Treasury expect to address rules under Section 1400Z-2(f)—the section describing the penalty, along with the information reporting requirements in separate regulations, forms, or publications. This has created uncertainty for investors, who continue to have no clarity on the issue.
- Skeptics of the incentives have said it's unclear who's making investments in opportunity zones and what sorts of projects they're backing. Such data will be important to assessing whether the tax breaks fulfill their intention — to create jobs and economic development in low-income communities -- or end up encouraging investment that may have happened anyway.

#### Next Steps

- The Treasury Department is soliciting input on the proposed rules through June 16, 2019
- Senators Cory Booker (D-NJ) and Tim Scott (R-SC) plan to introduce legislation requiring the IRS to collect data from tax-break recipients to show how their investments are altering economic conditions in their opportunity zone. Their proposal would require the IRS to compile data about how many funds have been created, what assets they own, how many jobs have been created and how poverty levels have changed. This was originally going to be part of the initial bill, but had to be removed for procedural reasons.

### Police

#### *Legislative Platform: Police*

- *Support and promote statewide actions to reform POBAR to allow for more transparency.*
- *Support use of Homeland Security Funds for local public safety agencies.*

#### State Police Use of Force Legislation

Both the Senate and Assembly have been considering competing police use-of-force bills this legislative session. SB 230 (Caballero), initially backed by the police chiefs and unions, would overhaul police training regarding use-of-force by emphasizing de-escalation techniques and

other alternatives. SB 230 passed the Senate unanimously but is now linked to AB 392 (Weber), which means SB 230 cannot pass without the passage of AB 392.

AB 392 was considered the more controversial bill and was initially being pushed by activist groups focused on preventing officer-involved shootings. The bill would have established a new legal standard for police use-of-force, however it was amended to allow officer use-of-force “based on the totality of the circumstances” instead of only when “necessary”, significantly scaling back both the scope and controversy of the bill. The amendments gained the support of both Democrats and Republicans as well as the Governor, leading to the bill passing out of the Assembly by a vote of 66-0.

SB 230 would now work in conjunction with AB 392 by offering training and policy guidelines to the updated definition of use-of-force in AB 392.

### **Public Works: Transportation**

#### *Legislative Platform: Public Works*

- *Support increased State and Federal funding of transportation improvements with regional or sub-regional benefits for all modes of transportation.*
- *Support protection of dedicated transportation-related tax revenues and enhance the ability of local agencies to finance local transportation programs and facilities.*

### **Federal: Autonomous Vehicles**

Several DOT agencies that regulate cars and trucking are requesting public feedback on how current safety regulations could be changed to allow for driverless vehicles. This is part of DOT’s ongoing review of possible regulatory barriers to self-driving vehicles, though the agencies are not currently proposing changes to current rules and safety standards.

- NHTSA seeks public comment on how current rules pose challenges for vehicles designed without steering wheels or foot pedals. Advance notice of proposed rulemaking also asks for input on alternative safety testing methods for driverless vehicles
- Trucking regulator FMCSA seeks comment on rule changes to allow for commercial trucks with automated driving systems

### **Cannabis/Public Safety**

#### *Legislative Platform: Land Use Planning and Housing*

- *Monitor local, state and federal actions related to medical and recreational marijuana regulatory changes.*

#### *Legislative Platform: Police*

- *Support local control for the regulation of cultivation, storage, manufacture, transport and use of medicinal and recreational marijuana and monitor legislative and administration activity to create a regulatory structure for medical and adult use.*

### **Priority State Legislation**

*AB 1356 (Ting) – Cannabis, Local Jurisdictions*

Requires a local jurisdiction in which more than 50% of the electorate voted in favor of Proposition 64 to issue a minimum number of local licenses that authorize medicinal cannabis commercial activity equal to one license for every six on-sale general license types for alcoholic beverage sales that are currently active in that jurisdiction. **Author has placed AB 1356 on the Assembly Inactive File for the year.**

### **Administration: Local Control and Efficiencies**

#### *Legislative Platform: Administration*

- *Support legislation that facilitates the ability of local government to share resources to increase efficiencies and decrease costs, including local efforts to address regional management of public safety personnel.*
- *Support legislation that preserves the ability of local governments to determine the appropriate type of election for their jurisdiction.*

### **Priority State Legislation**

#### *AB 516 (Chiu) – Authority to Remove Vehicles*

Repeals existing law that authorizes peace officers to tow vehicles for having five or more delinquent parking or traffic violations, for leaving a vehicle on a road for 72 or more consecutive hours, and for a having a lapsed vehicle registration in excess of six months. **AB 516 passed the Assembly and has been referred to the Senate Transportation Committee.**

#### *AB 849 (Bonta) – Elections, Local Redistricting*

Revises and standardizes the criteria and process to be used by counties and cities when they adjust the boundaries of the electoral districts that are used to elect members of the jurisdictions' governing bodies. Requires counties and cities to comply with substantial public hearing and outreach requirements as part of the process for adjusting the boundaries of electoral districts. The bill was amended on May 17 to only apply to cities and counties. The amendments also reduced the number of required public hearings from six to four. **AB 849 has passed the Assembly and has been referred to the Senate.**

#### *AB 1184 (Gloria) – Retention of public records: writing transmitted by electronic mail*

Requires a public agency to retain and preserve for at least two years every writing containing information relating to the conduct of the public's business that is prepared, owned, or used by the public agency and transmitted by electronic mail, unless a statute or regulation requires a longer retention period. **AB 1184 has passed the Assembly and has been referred to the Senate.**

### **Water Quality and Water Supply**

#### *Legislative Platform: Water Quality and Water Supply*

- *Support the enhancement of a reliable and sustainable water supply for California as well as measures that improve water quality in the region.*

#### *Legislative Platform: Administration*

- *Support local government action, rather than the imposition of state, federal or regional mandates upon local governments, as well as federal mandates placed on the state.*

### State Water Tax Update

Governor Newsom's January Budget and May Revise includes a water tax to fund clean drinking water projects throughout the state. However, the Assembly and Senate have taken competing approaches to the Governor's proposal.

The Assembly Budget Committee did not consider a water tax in the budget process – Assemblymember Phil Ting (D-San Francisco), chair of the Assembly Budget Committee, stated that the water tax should be taken up as a policy bill and not as part of the state budget. AB 217 (Garcia), the Assembly's water tax bill, would impose fees on the agriculture sector and tax water systems to provide the funding stream for the Safe and Affordable Drinking Water Fund. The bill is currently on the Assembly floor for consideration because the bill was amended on May 21 to include an urgency clause which would allow the bill to be considered after the May 31 house of origin deadline.

In May, the Senate Budget Committee heard and rejected the Governor's proposed water tax and agricultural fees. Instead of adopting the Governor's proposal, the Senate voted in favor of trailer bill language that would continuously appropriate \$150 million per year from the State's General Fund to a Safe Drinking Water Fund. As part of the Senate's approved package, any additional revenue that is passed from taxes or fees would be proportionally taken away from the proposed \$150 million per year from the General Fund.

TPA will continue to monitor these varying water tax proposals in the coming days as the Budget Conference Committee continues to move forward.

### Air Quality

#### *Legislative Platform: Air Quality*

- *Support continued funding and incentives to local agencies to work together to improve air quality through the reduction of emissions and advancing economic and technical developments.*

### State Cap and Trade Auction

In May, the California Air Resources Board (CARB) conducted their second Cap and Trade auction of the calendar year. The Cap and Trade program is a greenhouse gas emission reduction strategy that places a statewide cap on emissions and auctions off emission allowances on a quarterly basis. Major carbon emitters must bid on allowances in order to report their total emissions to the state each year. Once again, all available emission credits were sold, and the state expects to receive **over \$740 million** from the May 2019 auction.

Revenues generated from the Cap and Trade program currently fund various transportation projects, affordable housing, and sustainable community programs. 40 percent of the revenue is available through the discretion of the Legislature for future appropriations for projects that will reduce greenhouse gas emissions. Governor Newsom's budget highlights his commitment to achieving a carbon-neutral economy and transitioning the state away from fossil fuels.

The next Cap and Trade auction will take place in August 2019.

### **Human Resources and Risk Management**

#### *Legislative Platform: Human Resources*

- *Oppose measures that reduce local control over employee relations issues or mandate new or enhanced local government employee benefits.*
- *Oppose measures that impose compulsory and binding arbitration with respect to employees.*
- *Support pension reform measures designed to control or decrease employer liability or increase transparency in reporting without imposing undue hardships or administrative burdens on local government.*

#### **Priority State Legislation**

##### *SB 542 (Stern) – Worker’s Compensation, Presumption*

This bill creates a rebuttable presumption for specified peace officers that a diagnosis of a mental health condition that results in a mental health disorder is occupational, and therefore covered by the workers’ compensation system. **SB 542 has passed the Senate and has been referred to the Assembly.**

### **Fire and Emergency Medical Services**

#### *Legislative Platform: Emergency Services*

- *Support efforts to streamline and coordinate hazardous materials regulations.*

#### **Federal: Nuclear Energy Storage**

In May, Congressman Mike Levin (D-CA) introduced legislation to prioritize the relocation and storage of spent nuclear fuel.

The bill will direct the Department of Energy to consider three factors when it is determining the order in which it will accept spent nuclear fuel for disposal. The agency would need to prioritize fuel from reactors that are: 1. Decommissioned or decommissioning. 2. Located in areas with large populations. 3. Located in areas with the highest hazard of an earthquake, as determined by USGS’s earthquake hazard maps. There’s no explicit weighting of these three factors.

The bill is not expected to move in the coming months, while the House and Senate negotiate funding levels for FY2020, but will likely be part of the larger conversation on storage of spent nuclear fuel.