



# LEGISLATIVE BULLETIN

April 13, 2000

California State Association of Counties

Vol. 100. No. 15

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## 1.) Assembly Speaker Bob Hertzberg Sworn In

Amidst a strong showing of bipartisan support, State Supreme Court Justice Stanley Mosk administered the oath of office to Assembly Speaker Robert M. Hertzberg on April 13. Flanked by Governor Gray Davis, Lieutenant Governor Cruz Bustamante, and Senate President pro Tempore John Burton, outgoing Assembly Speaker Antonio Villaraigosa passed the torch to Hertzberg, who promised to work with Assembly Republicans to "do something great for California."

Speaker Hertzberg is no stranger to local government issues. Having authored the legislation that created the Commission on Local Governance for the 21st Century, Hertzberg is carrying significant legislation containing the recommendations of the commission, which address the issues of land use decision-making, local fiscal stability, improved public participation in government, and local governance reforms in general. The speaker has convened a working group of interested parties that

meets weekly to further refine the proposals. Additionally, Speaker Hertzberg is a principle co-author of Senator Burton's SB 2140, the legislation to implement the recommendations of the Task Force on Trial Court Employees. The speaker has also indicated his commitment to funding transportation projects and improving services for the mentally ill.

When asked to comment on the state/local fiscal relationship in a press conference following the swearing-in ceremony, Hertzberg indicated that he was interested in the issue and offered that a "baby-steps" approach may be most appropriate. CSAC is encouraged by the speaker's interest in moving ahead in reforming the state/local fiscal relationship, and we eagerly await the initial meeting of the conference committee on local government finance.

We look forward to a positive, productive working relationship with Speaker Hertzberg and offer our sincere congratulations as he assumes his new post in the Assembly.

**Steven C. Szalay, Executive Director**

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## 2.) Health and Human Services

*For more information, contact Margaret Peña or Erica Benson at 916/327-7500, ext. 507, or e-mail ebenson@counties.org.*

### Budget Subcommittee Action

The Senate and Assembly budget subcommittees continue to review health and human services budget issues. Below is a summary of recent key actions.

- **Proposition 99.** The Governor's proposed budget for 2000-01 contains a \$22.3 million increase for the Proposition 99-funded California Healthcare for Indigents Program (CHIP) and a \$2.5 million increase for the Proposition 99-funded Rural Health Services Program (RHS). This funding is available because of higher than anticipated Proposition 99 revenues. However, the Governor proposes to divert this increase to the emergency services fund within the physician services account. CSAC opposes this proposal.

At its April 10 hearing, the Senate budget subcommittee approved the increased funding for CHIP and RHS. Additionally, the subcommittee rejected the Governor's proposal to redirect these dollars to the emergency services fund. Instead, the subcommittee approved a 20-percent rate increase for emergency room physicians. The cost of this action totals \$10.5 million General Fund. The subcommittee also approved a one-time, \$20 million General Fund augmentation for emergency room doctor reimbursement.

- **Disproportionate Share Hospital (DSH) Administrative Fee.** Currently the DSH Administrative Fee totals \$84.7 million. On April 10, the Assembly budget subcommittee voted to decrease the administrative fee by \$30 million. The subcommittee also placed the issue of eliminating the remaining amount (\$54.7 million) on its suspense list to be evaluated at a later hearing. This action mirrors an earlier action of the Senate budget subcommittee.
- **Medi-Cal Simplification.** The Assembly budget subcommittee voted to move from quarterly to annual reporting for Medi-Cal. Previously, the Senate subcommittee voted to move to semi-annual reporting. Under current practice, many people lose eligibility for Medi-Cal simply because they fail to return the quarterly status report.

Additionally, the Assembly subcommittee voted to eliminate the asset test for Medi-Cal. The process of valuing assets is complicated for both applicants and eligibility workers. At an earlier hearing, the Senate budget subcommittee took the same action.

The LEGISLATIVE BULLETIN (ISSN 10403752) is published weekly during the State Legislative Session, by the California State Association of Counties, 1100 K Street, Suite 101, Sacramento, CA 95814. Subscriptions: \$10.00 annually for CSAC members; \$30.00 annually for non-members. Periodicals postage paid at Sacramento, CA . POSTMASTER: Send changes of address to: Legislative Bulletin, 1100 K Street, Suite 101, Sacramento, CA 95814.

- **Medi-Cal for Former Foster Youth.** The Assembly budget subcommittee approved implementation of a federal option that allows former foster youth to receive no-share-of-cost Medi-Cal. This proposal is contained in SB 147, by Senator Dede Alpert, and was previously approved by the Senate budget subcommittee.
- **Children's System-of-Care.** Current funding for the Children's System-of-Care Program totals \$29.2 million. Governor Davis' budget does not include any plans for program expansion. On April 12, the Assembly subcommittee approved an augmentation of \$15.5 million General Fund to fully fund the Children's System-of-Care Program. The subcommittee also approved budget bill language stating legislative intent to fully fund Los Angeles County's program (the county's program currently remains \$7.3 million short of full funding). At an earlier hearing the Senate subcommittee took similar action.
- **Substance Abuse Treatment.** On April 6, the Senate budget subcommittee approved a \$10 million expansion of county alcohol and drug programs serving adults. Additionally, the subcommittee approved \$3 million for county substance abuse prevention efforts. Finally, the subcommittee approved \$10 million to expand substance abuse treatment services for adolescents. Of this amount, \$4.3 million would be directed to fully fund the existing Adolescent Treatment Program. The remaining \$5.7 million would be allocated to counties based on the standard allocation methodology. The proposed budget bill language states that, where appropriate, these funds may be used to enable the participation of county alcohol and other drug programs in collaborative multidisciplinary efforts at the state and local levels.

## California Children and Families Commission

### Notice of Upcoming Meeting

The California Children and Families Commission will meet on April 20 in San Mateo County. The meeting is scheduled to run from 8:30 a.m. to 4:00 p.m. in the Redwood City Chambers, located at 1017 Middlefield Road in Redwood City. Call 650/780-7000 for directions.

The agenda will include a discussion on the status of the commission's Welcome Baby Kit, as well as action regarding funding of state commission initiatives. Funding proposals before the commission include \$3 million for a Family Child Care Home Accreditation Project and \$1 million for one-year operation of a toll-free phone line.

## Child Welfare

### AB 1987 – Co-Sponsor

At its April 11 hearing, the Assembly Human Services Committee approved AB 1987, by Assembly Member Darrell Steinberg, on consent. This measure seeks to increase the importance and consideration of sibling relationships in the Juvenile Dependency Court process.

Among other provisions, AB 1987 would do the following: establish procedures for siblings to assert their relationships; require that judges consider sibling relationships in making placement and permanency decisions; require that information on siblings be included in all court reports; and require that siblings in out-of-home care be notified of events affecting the lives of their siblings, if appropriate.

Under current practice, children in the dependency system are considered as individuals. As a result, the needs of children as a sibling unit do not receive high consideration. This practice can have a detrimental impact on already-vulnerable children. At a time when children are already experiencing major change as they are removed from the care of their parents, they may also experience the loss of close contact with siblings. In many cases, continued connection to siblings would be in the best interest of children in out-of-home placements.

The measure now moves to the Assembly Appropriations Committee.

## **California Children's Services**

### **AB 2151 – Support if Amended**

On April 12, the Assembly Appropriations Committee heard AB 2151, by Assembly Member Howard Wayne, and moved the measure to its suspense file. AB 2151 would expand the income eligibility standard for the California Children's Services (CCS) program.

The CCS program provides a variety of health care services to approximately 140,000 children with catastrophic illnesses. The current income eligibility limit for CCS is \$40,000. Before the early 1980s, this limit was \$100,000. At that time, the income limit was reduced because of state budgetary constraints. Currently, families with incomes exceeding \$40,000 can be eligible for CCS if their child's medical expenses consume at least 20 percent of their income.

The CCS program is a part of realignment. As a result, any changes to CCS would likely impact the availability of resources for other realignment programs, such as mental health and health care. As a general rule, income eligibility standard increases that exceed a reasonable cost-of-living-adjustment should be paid from the state General Fund, not from realignment. Realignment was not designed to accommodate major programmatic changes, new program responsibilities, or increases exceeding a standard cost-of-living-adjustment. The proposal included in AB 2151 represents a major programmatic change to realignment.

For this reason, CSAC has communicated to Assembly Member Wayne that it cannot support AB 2151, unless it is amended to specify that the state (and not realignment) would fund the proposed increase. Without this modification, this measure would represent a significant change in the program structure, potentially impacting funding for other realignment programs.

## **California Children and Families Act**

### **AB 1910 – Support**

On April 12, the Assembly Human Services Committee approved AB 1910, by Assembly Member Carole Migden. This measure seeks to clarify the operational authority of county children and family commissions that were established through the passage of Proposition 10 in November 1998.

Proposition 10, the California Children and Families Act, imposed an additional 50-cents-per-pack tax on cigarettes and an equivalent increase on other tobacco products. Revenues from this increased tax are used to fund early childhood development and smoking cessation programs. Eighty-percent of the funds are directed to the local level for programs included in county strategic plans developed and approved by county children and family commissions.

As amended on April 6, AB 1910 provides the framework for the operational authority of county commissions. Proposition 10 did not contain a great deal of detail regarding county commission operations, and this measure seeks to remove any ambiguity. Specifically, the bill contains two options for the establishment of local commissions—commissions that are legal entities separate from the county, or commissions that are agencies of the county with independent authority over county strategic plans. Commissions established as separate entities would be provided explicit authority to hire personnel, execute contracts, and sue and be sued.

CSAC supports this effort to ensure that county children and family commissions have the necessary tools to implement Proposition 10.

The measure now moves to the Assembly floor.

## **Healthy Families – Substance Abuse Treatment**

### **AB 1870 – Support**

The Assembly Health Committee approved AB 1870, by Assembly Member Susan Davis, on April 11. The primary purpose of this measure is to expand the alcohol and drug treatment component of the Healthy Families Program.

Alcohol and drug abuse is a major problem among adolescents. Traditionally, funding for substance abuse services has been focused on adults, and services for adolescents are limited. Adolescent substance abuse is often linked with other

problems, such as teen pregnancy, violence, and truancy. Too often, adolescents with substance abuse problems enter the social services or juvenile justice systems, creating public costs.

The creation of the Healthy Families Program has led to increased access to health care coverage for previously uninsured children. Although Healthy Families does provide basic health care benefits, we understand from county alcohol and drug administrators that the program's alcohol and drug services could be more comprehensive to better meet the treatment needs of adolescents. We appreciate your effort to respond to these concerns and to augment the current coverage level.

The measure now moves to the Assembly Appropriations Committee.

## **Healthy Families – Vision and Dental Coverage**

### **AB 2299 – Support**

On April 11, the Assembly Health Committee approved AB 2299 by Assembly Member Martin Gallegos. This measure would modify the Healthy Families Program.

In 1997, the state established the Healthy Families Child Health Insurance Program. Initiated by the federal government, Healthy Families is designed to provide access to health insurance for those children under 250-percent of poverty who are ineligible for Medi-Cal. The program is funded with federal and state dollars.

Specifically, AB 2299 would allow people eligible for Healthy Families who have outside health care coverage, but not vision or dental coverage, to subscribe to the program's vision and dental benefits. There are instances where families receive health care coverage from sources such as their employer, but not vision or dental benefits.

Vision and dental care are both critical components of comprehensive health care. AB 2299 would allow eligible children lacking access to vision and dental benefits to receive these services through the Healthy Families Program.

CSAC supports this effort to address all of the health needs of children eligible for Healthy Families.

The measure now moves to the Assembly Appropriations Committee.

## **Mentally Ill Juvenile Offender Crime Reduction Grants**

### **SB 2062 – Support**

On April 12, the Senate Health and Human Services Committee approved SB 2062 by Senator Don Perata. This measure would establish mentally ill juvenile offender crime reduction grants to be awarded to counties on a competitive basis.

A growing number of seriously mentally ill people are entering our criminal system. Although funding exists for county mental health programs, there are limited treatment and intervention resources for mentally ill juvenile offenders. It is more cost-effective to provide mental health treatment services, rather than incarceration, for mentally ill individuals.

In 1998, former Senator Herschel Rosenthal's SB 1485 created a program similar to the one proposed in this bill, although it was targeted to adults. This measure expands on this concept to address the needs of juveniles with mental illness.

Throughout the state, many efforts are underway to address the mental health needs of criminal offenders. This bill attempts to build on such activities. CSAC supports this goal.

The measure now moves to the Senate Appropriations Committee.

## **CFAP and CAPI**

### **AB 2417 – Support**

On April 12, the Assembly Appropriations Committee heard AB 2417, by Assembly Member Marco Firebaugh, and moved it to the suspense file. This measure would modify the California Food Assistance Program (CFAP) and the Cash Assistance Program for Immigrants (CAPI) to allow for expanded eligibility.

Legislation enacted in 1998 created the CFAP and CAPI programs. These programs were designed to provide state-only Food Stamp and cash support programs for certain legal immigrants who were ineligible for federal programs because of limitations caused by the passage of federal welfare reform in 1996.

Since the creation of the initial CFAP and CAPI programs, subsequent state legislation has been enacted to expand program eligibility to include additional groups of legal immigrants that remain ineligible for federal programs. AB 2417 seeks to eliminate the remaining limitations on eligibility.

CSAC supports this effort to expand the eligibility criteria for CFAP and CAPI.

## **Alcohol and Drug Treatment Services**

### **SB 1623 – Support**

On April 12, the Senate Health and Human Services Committee approved SB 1623 by Senator Don Perata. This measure would implement the Medicaid Rehabilitation Option for alcohol and other drug treatment services.

Alcohol and drug abuse continues to be a major problem. Too often, individuals with substance abuse problems enter the social services, mental health, or juvenile justice systems, creating additional societal public costs.

According to information from the Legislative Analyst's Office, approximately 3.3 million Californians ages 12-64 are in need of treatment for alcohol and other drug addictions. For publicly funded programs, only 17 percent of adults needing services are able to access a treatment space. County alcohol and drug programs do not currently have adequate resources to meet the current demand for services.

To date, California has not implemented the federal Medicaid Rehab Option that would expand the substance abuse treatment services offered through the state's Medi-Cal Program. SB 1623 represents a unique opportunity not only to reach more people in need of alcohol and drug treatment but also to provide more comprehensive services.

CSAC supports this effort to strengthen California's substance abuse treatment system. The measure now moves to the Senate Appropriations Committee.

## **Children's System-of-Care Program**

### **SB 1452 – Support**

At its April 12 hearing, the Senate Health and Human Services Committee approved SB 1452, by Senator Cathie Wright. Sponsored by the California Mental Health Directors Association (CMHDA), this measure would modify the Children's System of Care mental health program.

SB 1452 proposes to make several changes to Children's System of Care, with the goal of program expansion. These changes are also designed to improve the program's accountability. We recognize that SB 1452 could also serve as the vehicle to fully fund the Children's System of Care statewide.

CSAC supports this effort to strengthen the Children's System of Care program. It now moves to the Senate Appropriations Committee.

## **Immunization Registries**

### **AB 1748 – Support**

On April 12, the Assembly Appropriations Committee approved AB 1748, by Assembly Member Charlene Zettel. This measure pertains to county child immunization registries. Specifically, AB 1748 would allow county immunization registries to receive immunization information from schools, child care programs, Women Infants and Children (WIC) programs, and CalWORKs centers.

In 1995, Senator Dede Alpert authored legislation that allowed county health departments to establish children's immunization registries. These registries are intended to be a tool for counties to ensure that children receive needed

vaccinations. Currently, 14 counties operate immunization registries, and an additional six counties are working to develop them.

AB 1748 is designed to close a gap in current law that prevents counties from receiving immunization histories from schools, child care programs, WIC programs, and CalWORKs programs. These agencies and programs collect immunization information from participating children. It is logical that these records should also be available to county immunization registries. This access would make the county registries more complete and help further the goal of maximizing children's immunizations.

The measure now moves to the Assembly floor.

## **Medi-Cal and Healthy Families Outreach**

### **AB 1735 – Support**

On April 12, the Assembly Appropriations Committee moved AB 1735, by Assembly Member Helen Thomson, to the suspense file. This measure seeks to increase enrollment in the Medi-Cal and Healthy Families programs by linking outreach efforts with the School Lunch Program.

Specifically, AB 1735 would require each school district and county superintendent of education, at the same time that they provide information on the free or reduced-price school meal program, to include information that parents or guardians could use to request an application for enrollment in Medi-Cal or Healthy Families. Since the School Lunch Program is also targeted at a low-income population, many of the children eligible for free or reduced school meals are also eligible for Medi-Cal or Healthy Families.

According to the 1998 report "The State of Health Insurance in California," there are 1.85 million uninsured children in the state. Approximately 1.1 million of these children are eligible for, but not enrolled in, Medi-Cal or Healthy Families. This measure is intended to reach eligible children that are currently not enrolled in either program.

CSAC supports Assembly Member Thomson's effort to build on existing outreach strategies to reduce the number of uninsured children in our state.

## **Child Care Facilities Financing Act**

### **SB 2014 – Support**

The Senate Health and Human Services Committee approved SB 2014, by Senator Jackie Speier, on April 12. This measure would provide for a \$75 million Child Care Facilities Financing Act to be placed before the voters.

A wide array of research has found that the number of children in out-of-home child care arrangements is at an all-time high. Implementation of CalWORKs has contributed to the increase in child care demand. Clearly, the availability of child care is critical to the long-term success of welfare reform.

Research by groups such as the National Economic Development and Law Center has further found that the child care supply is insufficient to meet the current level of demand, particularly in urban areas. In Ventura County, for example, approximately 29,687 licensed spaces are available for the 96,810 children under the age of 14 with a single parent or both parents in the workforce.

Class size reduction has exacerbated the supply challenge, as many child development programs have lost space at school campuses because schools need these classrooms to accommodate class size reduction.

CSAC supports this effort to secure new funds to address the state's child care facility shortage. It now moves to the Senate Appropriations Committee

## **Child Welfare Services**

### **SB 1917 – Support**

The Senate Health and Human Services Committee will consider SB 1917, by Senator Jim Costa, on April 26. This measure would direct the California Department of Social Services to convene a task force charged with developing a plan to implement recommendations from the child welfare services workload study that will be released shortly.

The existing approach to budgeting and funding child welfare services was established nearly 20 years ago. Since that time, dramatic changes in child welfare policy have occurred, as well as significant demographic and societal changes, impacting the workload demands of the current system.

In 1998, Senator Costa successfully authored SB 2030, which directed the California Department of Social Services to contract with a qualified entity to conduct an updated state child welfare services workload/yardstick study. That same year, the budget included a \$40 million General Fund augmentation to serve as interim funding, pending completion of the workload study. This level of funding has been maintained in the budget in subsequent years.

The updated study is near completion. Although the final results are not yet public, we strongly suspect the study will confirm anecdotal evidence that shows the current workload standards that are used to develop the Child Welfare Services budget do not reflect the actual workload demands.

This measure proposes to bring together the key stakeholders involved in the SB 2030 study to review its results and develop plans for implementing the study's recommendations. This action will allow for thoughtful consideration of an implementation plan.

SB 1917 is identical to AB 2452, by Assembly Member Patricia Wiggins, which CSAC also supports. AB 2452 was approved by the Assembly Human Services on April 6 and is awaiting hearing in the Assembly Appropriations Committee.

## **Child Care Facilities**

### **SB 1907 – Support**

SB 1907, by Senator Hilda Solis, is scheduled for hearing in the Senate Health and Human Services Committee on April 26. This measure would establish the Child Care Capacity Development Grant and Loan Matching Fund for the purpose of providing loans and grants to counties for child care facilities construction, modernization, and expansion.

As highlighted in the above discussion on SB 2014, child care supply is insufficient to meet the current level of demand, particularly in urban areas. The number of children in out-of-home care is at an all-time high. In addition, class size reduction has exacerbated the supply challenge: Many child development programs have lost space at school campuses because schools need these classrooms to accommodate class size reduction.

## **Healthy Families – Legal Immigrant Children**

### **AB 2415 – Support**

The Assembly Health Committee is scheduled to hear AB 2415, by Assembly Member Carole Migden on April 25. This measure relates to the Healthy Families Program.

Governor Davis' proposed budget for 2000-01 prohibits any legal immigrant children who entered the country after Aug. 22, 1996, from applying for Healthy Families after June 30, 2000. Legal immigrant children enrolled prior to June 30, 2000, would be allowed to continue in the program, but only through the budget year.

Specifically, AB 2415 would extend eligibility for Healthy Families to otherwise eligible children, regardless of their enrollment date in the program. CSAC supports this effort to ensure that children continue to have access to health care coverage through Healthy Families.

Both the Senate and Assembly budget subcommittees took action mirroring the proposal contained in AB 2415.

## Alcohol and Drug Treatment Services

### SB 1764 – Support

At its April 26 hearing, the Senate Insurance Committee is expected to consider SB 1764, by Senator Wesley Chesbro. This measure would require, on or after Jan. 1, 2001, that health care service plan contracts, disability insurance policies, and self-insured employee welfare benefit plans provide coverage for the treatment of alcohol and other drug abuse or dependency.

Under current practice, insurance policies routinely treat alcohol and other drug abuse or dependency differently than they treat other illnesses. This treatment occurs despite the fact that alcohol and other drug addictions are as much a disease as cancer.

The overall societal increase in alcohol and other drug addictions creates a burden on public treatment programs. According to information from the Legislative Analyst's Office, approximately 3.3 million Californians ages 12-64 are in need of treatment for alcohol and other drug addictions. For publicly funded programs, only 17 percent of adults needing services are able to access a treatment space. County alcohol and drug programs do not have adequate resources to meet the current demand for services.

## Child Welfare Services

### AB 2706 – Support

AB 2706 is scheduled for hearing in the Assembly Human Services Committee on April 25. This measure would modify the existing Wraparound pilot program to allow for additional participation.

The Wraparound pilot program serves children in foster care as well as those at risk of entering the system. Through the provision of intensive intervention and prevention services to both the child and its family, the program seeks to minimize out-of-home placements and to allow children to remain safely in their homes.

Currently, children in the higher rate classification levels of 12 to 14 are eligible to participate in the Wraparound program. AB 2706 would extend this participation to include children residing in, or at risk of placement into, a group home licensed at a rate classification level of 10 or 11.

Adoption of this measure would allow additional children and their families to receive individualized support services that are designed to help avoid out-of-home placements. CSAC supports this effort.

If you can dream it, you can do it.  
Walt Disney

## 3.) Revenue and Taxation

*For more information, contact Pat Leary at 916/327-7500, ext. 514, or e-mail pleary@counties.org, or Jean Hurst at 916/327-7500, ext. 515, or e-mail jhurst@counties.org.*

### LAO Update

#### California's Extraordinary Revenue Developments

The Legislative Analyst's Office (LAO) recently released its report "California Update: California's Extraordinary Revenue Developments." The report indicates that the rumors are true—General Fund revenues have been accumulating at a dramatic pace, substantially outpacing all earlier budget projections.

The report outlines recent economic developments that have contributed to the extraordinary strength in revenue receipts:

Performance Outdistancing Expectations. The U.S. real gross domestic product (GDP) increased at an annual rate of 7.3 percent in the fourth quarter of 1999. This data far surpasses all earlier forecasts and projects a GDP growth in 2000 nearing 5 percent.

State Leading the Nation. According to the LAO, evidence suggests that California has been a leader in the recent national economic boom. Non-farm employment in the state has increased by more than 42,000 jobs per month since November 1999, taxable sales in the fourth quarter of 1999 were up by more than 10.7 percent, and home construction in early 2000 was up sharply from the prior year.

Employment-Related Withholding Soaring. The LAO reports that state withholding payments are increasing at an unprecedented rate. Withholding payments increased by 17 percent in the fourth quarter of 1999 and nearly 20 percent in the first quarter of 2000. The LAO suggests that these gains reflect rapid growth in high-wage jobs in the state's computer and software industries, as well as high-volume and strong financial performance of initial public offerings for many companies and general increases in stock option-related income in late 1999 and early 2000.

The report also details revenue increases in personal income tax, sales and use tax, and bank and corporation taxes. Personal income tax revenues were up \$1.5 billion during the December through March period. Withholding payments during these four months have exceeded the budget forecast by \$780 million. Sales and use tax receipts were up \$314 million during the four-month period, reflecting a strong performance during the holiday season. Bank and corporation tax collections were up by \$321 million, due to stronger-than-expected final payments on 1999 profits.

The LAO's update provides a positive outlook for the upcoming May Revision of the Governor's Budget. CSAC looks forward to working with the Legislature and the administration to ensure that the concerns of counties are appropriately addressed during budget negotiations, including efforts to embark on state/local government fiscal reform and speedy mitigation of the property tax shift.

## **Enterprise Zones**

There are several bills this year that deal with expanding the use of enterprise zones. Enterprise zones are designated by the Trade and Commerce Agency and are intended to stimulate business and industrial growth in depressed areas of the state. Within an enterprise zone, cities and counties can relax regulatory controls, such as permit and development fees; provide tax incentives; expand infrastructure; and target federal grants for education, health and welfare, economic development, vocational education, transportation, and housing. State tax credits are available for hiring disadvantaged workers and for the sales tax on manufacturing equipment. Once designated, an enterprise zone is binding for 15 years. Until existing enterprise zones expire, the Trade and Commerce Agency cannot designate any additional zones.

CSAC is interested in knowing how enterprise zones have affected counties. How many enterprise zones exist in your county? Have they worked in providing incentives for business to locate in your county? Please send your comments to Jean Hurst at [jhurst@counties.org](mailto:jhurst@counties.org), or call 916/327-7500, ext. 515.

### **SB 1568 – Request for Comment**

SB 1568, by Senator Richard Alarcón, would raise the numbers of enterprise zones from 39 to 50 over a period of four years. The bill authorizes local governments to apply to the Trade and Commerce Agency for approval to reconfigure the boundaries of an existing enterprise zone. Also, the bill offers additional tax credits as an incentive for employers to provide higher-paying jobs and full health benefits for employees.

### **SB 1904 – Request for Comment**

SB 1904, by Senator David Kelley, permits enterprise zone tax credits earned in one zone to be claimed against tax attributable to operations in all zones in which the taxpayer operates. This bill would allow a large business that operates within a zone (and has many operations within the state) to use zone credits to offset tax on income earned from its operations outside the zone. SB 1904 has been placed on the Suspense File in Senate Appropriations.

## Status of Previously Reported Revenue and Taxation Legislative Bills

### Status as of April 13, 2000

The following are Revenue and Taxation bills previously reported in CSAC Bulletins. They are presented below in abbreviated format to provide a status update for each bill. The date of the Bulletin with the bill analysis is provided for your reference. Current and past CSAC Bulletins are available on the CSAC Web site at <http://www.csac.counties.org>.

#### State/Local Fiscal Reform

SB 1982 (Alpert) contains the statutory provisions of the CSAC proposal for state/local fiscal reform. POSITION: Sponsor. LEGISLATIVE BULLETIN: 3-30-00. STATUS: Set for hearing in Senate Local Government 5-3-00.

SB 2000 (Polanco) enacts State Controller Kathleen Connell's SMARTER plan for reallocating sales tax revenue. POSITION: Pending. LEGISLATIVE BULLETIN: 3-2-00. STATUS: Set for hearing in Senate Local Government 5-3-00.

SCA 18 (Alpert) contains the constitutional provisions of the CSAC proposal for state/local fiscal reform. POSITION: Sponsor. LEGISLATIVE BULLETIN: 4-6-00. STATUS: To Senate Local Government Committee.

SCA 17 (Polanco) enacts State Controller Kathleen Connell's SMARTER plan for property tax distribution. POSITION: Pending. LEGISLATIVE BULLETIN: 4-6-00. STATUS: To Senate Local Government Committee.

AB 1936 (Villaraigosa) is the vehicle for the recommendations of the Speaker's Commission on State/Local Finance. POSITION: Pending. LEGISLATIVE BULLETIN: 3-9-00. STATUS: To Conference Committee.

#### Property Tax

SB 165 (Rainey) states the intent of the Legislature to respond to the issues raised by *Sonoma County, et al. v. Commission on State Mandates, et al.* POSITION: Support. LEGISLATIVE BULLETIN: 2-3-00. STATUS: To Assembly Local Government Committee.

SB 1581 (Escutia) would prohibit the allocation made to a city under the Tax Equity Allocation (TEA) formula from being reduced on the basis of additional property tax revenue received by that city under an agreement with the county, under which additional service responsibilities are exchanged in consideration for additional property tax revenues. POSITION: Pending. LEGISLATIVE BULLETIN: 3-9-00. STATUS: Senate Special Consent Calendar.

SB 1637 (Burton) would cap, for the 2000-01 fiscal year, the amount that local governments shift to ERAF at the 1999-2000 level. POSITION: Status. LEGISLATIVE BULLETIN: 3-30-00. STATUS: Senate Appropriations Committee.

SB 1844 (Kelley) would increase the audit threshold amount for assessors to \$500,000. POSITION: Pending. LEGISLATIVE BULLETIN: 3-9-00. STATUS: Senate Special Consent Calendar.

SB 1883 (Sher) has been amended to deal only with no- and low-property tax cities in Santa Clara County. POSITION: Watch. LEGISLATIVE BULLETIN: 3-9-00. STATUS: To Senate Appropriations Committee.

SB 1919 (Chesbro) clarifies the exemption of fire protection districts from the property tax shift. POSITION: Watch. LEGISLATIVE BULLETIN: 3-2-00. STATUS: Senate Third Reading File.

SB 2080 (Leslie, et al.) provides a \$250 million reduction in transfer amount of each local agency for the 2001-02 fiscal year and requires that shifts in future years reflect this reduction. POSITION: Support. LEGISLATIVE BULLETIN: 3-30-00. STATUS: To Senate Appropriations Committee.

AB 1195 (Longville, et al.) caps the growth of the property tax shift at 1998-99 levels. POSITION: Support. LEGISLATIVE BULLETIN: 3-2-00. STATUS: In Senate Local Government Committee.

AB 1757 (Oller) would provide for the 2000-01 fiscal year \$3 billion to be allocated among counties, cities, and special districts on an ERAF basis. POSITION: Support. LEGISLATIVE BULLETIN: 4-6-00. STATUS: In Assembly Local Government Committee.

AB 1806 (Robert Pacheco/Strickland) would cap, for the 2000-01 fiscal year, the amount that local governments shift to ERAF at the 1999-2000 level. POSITION: Support. LEGISLATIVE BULLETIN: 3-30-00. STATUS: To Assembly Appropriations Committee.

AB 1821 (Mazzoni) limits the amount of property tax revenues shifted by a county to ERAF at the "basic aid" amount for school districts. POSITION: Support. LEGISLATIVE BULLETIN: 3-30-00. STATUS: To Assembly Appropriations Committee.

AB 1880 (Brewer) reduces the amount of property tax revenues shifted to ERAF for those counties that keep less than 15.5 percent of total property tax revenues. POSITION: Pending. LEGISLATIVE BULLETIN: 3-2-00. STATUS: To Assembly Appropriations Committee.

AB 1991 (Cox) gives county tax collectors the tools to more effectively enforce payment of property taxes on delinquent utility parcels assessed by the State Board of Equalization. POSITION: Support. LEGISLATIVE BULLETIN: 3-23-00. STATUS: Assembly Third Reading File.

AB 1966 (Wiggins) requires that the property taxes on a taxable possessory interest that terminate after the lien date be cancelled for the remainder of the year. POSITION: Oppose unless amended. LEGISLATIVE BULLETIN: 3-9-00. STATUS: To Assembly Appropriations Committee.

AB 2146 (Bates) provides ERAF relief for the City of Laguna Niguel in the County of Orange. POSITION: Pending. LEGISLATIVE BULLETIN: 3-2-00. STATUS: To Assembly Appropriations Committee.

AB 2288 (Dutra) establishes a rebuttable presumption that a change in ownership in real property owned by a corporation, partnership, or other legal entity occurs if the sale of entity results in the purchaser having the right to occupy that property, regardless of where the sale results in a change in the holder of title to that property. POSITION: Pending. LEGISLATIVE BULLETIN: 3-17-00. STATUS: In Assembly Revenue and Taxation Committee.

AB 2398 (Papan) modifies the Transit Village Development Planning Act to require that all property tax revenues derived from the assessment of a multifamily housing development located within a transit village development district be allocated to the jurisdiction in which the development is located, along with a corresponding reduction in ERAF. POSITION: Pending. LEGISLATIVE BULLETIN: 3-9-00. STATUS: To Assembly Appropriations Committee.

AB 2658 (Baugh) limits the percentage of property tax revenues transferred to ERAF to at least 42 percent, but no more than 61.3 percent. POSITION: Pending. LEGISLATIVE BULLETIN: 3-2-00. STATUS: Held in Assembly Local Government Committee.

ACA 11 (Briggs) is a two-year bill that would cap the property tax shift from cities, counties, and special districts to ERAF in fiscal year 2000-01 at the 1998-99 levels. POSITION: Support. LEGISLATIVE BULLETIN: 3-2-00. STATUS: To Assembly Elections, Reapportionment, and Constitutional Amendments Committee.

## **Sales Tax**

AB 2367 (Leonard) would reduce the state sales and use tax rate by a specified percentage (.0025 percent) each year. POSITION: Pending. LEGISLATIVE BULLETIN: 3-9-00. STATUS: Assembly Revenue and Taxation Committee.

## **Taxation of Remote Sales**

SB 1377 (Haynes) would exempt from state and local sales and use taxes any tangible personal property ordered over the Internet. POSITION: Oppose. LEGISLATIVE BULLETIN: 3-23-00. STATUS: Failed passage in Senate Revenue and Taxation Committee; reconsideration granted.

SB 1933 (Vasconcellos) would establish the California Commission on Tax Policy in the New Economy. According to the author's office, this new commission would create an open, public, fair, balanced participatory process for the development of a long-term strategy for revising state and local tax structure for California in light of current discussions on Internet sales taxation. POSITION: Support. LEGISLATIVE BULLETIN: 4-6-00. STATUS: Senate Appropriations Committee.

SB 1949 (Costa/Chesbro) directs the Governor to appoint a representative to participate in discussions with representatives of other states regarding the development of a uniform sales and use tax system. POSITION: Support. LEGISLATIVE BULLETIN: 3-30-00. STATUS: In Senate Revenue and Taxation Committee.

AB 1784 (Lempert, et al.) continues the California Internet Tax Freedom Act (ITFA) indefinitely. The California ITFA imposes a three-year moratorium on taxes on Internet access or online computer services, bit or bandwidth taxes, or any discriminatory tax on online computer services or Internet access. The California ITFA does not include a ban on the collection of sales tax on products purchased over the Internet. POSITION: Pending. LEGISLATIVE BULLETIN: 3-2-00. STATUS: In Assembly Revenue and Taxation Committee.

AB 2188 (Baldwin) would exempt all purchases made over the Internet from state and local sales and use tax. POSITION: Oppose. LEGISLATIVE BULLETIN: 3-2-00. STATUS: In Assembly Revenue and Taxation Committee.

AB 2412 (Migden/Aroner) clarifies that the processing of orders electronically, by fax, telephone, the Internet, or other electronic ordering process, does not relieve a retailer of the responsibility for collection of the sales tax from the purchaser if the retailer is engaged in business in this state. Additionally, the bill clarifies that a retailer is engaged in business in this state if the retailer is related to a retailer maintaining sales locations in this state. POSITION: Support. LEGISLATIVE BULLETIN: 3-30-00. STATUS: Set for hearing 4-24-00 in Assembly Revenue and Taxation Committee.

AJR 41 (Robert Pacheco) is a resolution to memorialize to the president and the Congress to act to extend indefinitely the Federal Internet Tax Freedom Act (ITFA). POSITION: Pending. LEGISLATIVE BULLETIN: 3-2-00. STATUS: In Assembly Revenue and Taxation Committee.

## **Infrastructure Funding**

SB 2048 (Leslie, et al.) would provide \$250 million in funding to local governments for infrastructure projects. This money would be allocated as follows: at least \$250,000 to each city; \$250,000 to each county; and the remaining amount would be distributed to each city and county on a per-capita basis. POSITION: Support. LEGISLATIVE BULLETIN: 3-30-00. STATUS: In Senate Appropriations Committee.

## **Vehicle License Fee**

SB 1293 (Chesbro) would correct an inadvertent error that "chaptered out" the provision making the continuous appropriation for General Fund VLF backfill. POSITION: Support. LEGISLATIVE BULLETIN: 1-20-00. STATUS: In Assembly.

SB 1494 (Poochigian, et al.) eliminates the requirement to reduce the amounts of the vehicle license fee offsets in years when there is a General Fund reduction of \$100 million as a result of state tax law changes. POSITION: Watch. LEGISLATIVE BULLETIN: 2-17-00. STATUS: In Senate Revenue and Taxation Committee.

SB 1530 (Brulte) speeds up the vehicle license fee reductions to provide for a 46.5 percent offset in the next fiscal year. The bill also establishes a permanent 35 percent offset for the next fiscal year. POSITION: Watch. LEGISLATIVE BULLETIN: 2-24-00. STATUS: In Senate Revenue and Taxation Committee.

AB 1972 (Dickerson) would exempt a car dealer from paying registration fees or penalties accrued while the car is at the dealer. POSITION: Oppose. LEGISLATIVE BULLETIN: 3-30-00. STATUS: Set for hearing 4-24-00 in Assembly Transportation Committee.

## Investments

AB 943 (Dutra) would require each city, county, or city and county to submit copies of its second and fourth quarterly reports, as well as the statement of investment policy, to the California Debt and Investment Advisory Commission. POSITION: Oppose. LEGISLATIVE BULLETIN: 3-17-00. STATUS: In Senate Local Government Committee.

## Incorporations/Revenue Neutrality

AB 1495 (Cox) provides tools to improve new city incorporations in an effort to lessen disputes between cities and counties over these issues. POSITION: Support. LEGISLATIVE BULLETIN: 1-6-00. STATUS: In Senate Appropriations Committee.

AB 1526 (Thompson) also provides certain tools to improve new city incorporations in an effort to lessen disputes between cities and counties over these issues. POSITION: Watch. LEGISLATIVE BULLETIN: 1-6-00. STATUS: In Senate Appropriations Committee.

AB 2450 (Thompson) creates the Incorporation Viability Revolving Fund as a special fund in the State Treasury for allocation by the director of finance to make loans to assist with the funding of fiscal viability studies for city incorporation proposals. POSITION: Pending. LEGISLATIVE BULLETIN: 3-9-00. STATUS: Set for hearing 4-26-00 in Assembly Local Government Committee.

## Assessor's Term Limits

SCA 14 (Haynes) would specify that county assessors would be limited to two four-year terms. POSITION: Oppose. LEGISLATIVE BULLETIN: 2-17-00. STATUS: Set for hearing 3-3-00 in Senate Elections and Reapportionment Committee.

# 4.) Administration of Justice

*For more information, contact Rubin R. Lopez at 916/327-7500, ext. 513, or e-mail [rlopez@counties.org](mailto:rlopez@counties.org) or contact Elizabeth Howard at 916/327-7500, ext. 537, or e-mail [ehoward@counties.org](mailto:ehoward@counties.org).*

## Records

### SB 2067 – Pending/Request for Comment

SB 2067, by Senator Debra Bowen, would change the way in which both state and county agencies must record permanent and non-permanent records. Under existing law, microfilming, electronic data imaging, and photographic reproduction of records are required to be carried out in compliance with regulations adopted by the Secretary of State in Government Code section 12168.7. Instead, SB 2067 would require that records be recorded in compliance with the minimum standards or guidelines (or both) recommended by the American National Standards Institute (ANSI) or the Association for Information and Image Management (AIIM).

It is our understanding that Senator Bowen's bill returns statute to an earlier version. AB 792 by Assembly Member Tom Torlakson (Ch. 677, Statutes of 1998) inserted the statutory reference to the Secretary of State because it was believed that the standards previously named governing the reproduction of records had not been promulgated. Senator Bowen's bill amends the statute to refer to the ANSI and AIIM standards (which indeed are available).

CSAC is seeking input from county recorders on the practical and operational impact of this proposal. We urge you to contact the Administration of Justice staff with any comments or concerns. Counties may also contact CSAC staff for a copy of the existing ANSI and AIIM standards. SB 2067 has been referred to the Senate Committee on Governmental Organization.

### AB 2935 – Pending/Request for Comment

AB 2935 has been introduced by the Assembly Committee on Information Technology. In its present version, the measure would make three principal changes: 1). delete the existing provision that when a mortgage or deed of trust presented for recording contains a reference to provision in a fictitious mortgage, the county recorder is required to record only the mortgage or deed of trust portion and is not liable for failure to record those parts specified for non-recording; 2). define

"information technology" and other related terms; 3). authorize facsimile signatures, as specified, to be accepted on liens recorded by a government agency.

Counties are urged to review the bill and contact staff with any questions or concerns. CSAC has learned that the bill, which like most committee proposals seeks to cover non-controversial issues, will later be amended to include additional provisions relating to records. Updates on any substantive changes to the bill will be reported in future Bulletins. AB 2985 has been double referred to the Assembly Committee on Information Technology and the Assembly Judiciary Committee.

## **Placement of Wards**

### **AB 2776 – Request for Comment**

AB 2776, by Assembly Member Sam Aanestad, has recently been amended to expand the definition of "physical confinement" as it relates to placement of wards of the court. Under Welfare and Institution Code section 726, a court may order a minor held in physical confinement with specific placement options defined. AB 2776 appends "a county jail" to the list of other physical confinement options. The bill in no way restricts the use of other placement options, but simply adds the county jail to the definition.

Counties are urged to review this measure with a view toward evaluating how, if at all, AB 2776 would affect sight and sound provisions. The bill is awaiting hearing before the Assembly Public Safety Committee.

## **Local Law Enforcement Resources**

Three measures that propose to continue or to augment resources to local law enforcement agencies will be heard on April 25 before the Senate Public Safety Committee. CSAC supports these and other efforts to expand resources for local law enforcement and public safety purposes.

### **SB 1605 – Support**

SB 1605, by Senator Charles Poochigian, would augment and make permanent the appropriation for the Citizens' Option for Public Safety (COPS) program. Specifically, the bill would increase the level of state support to \$250 million per year and guarantee a minimum of \$100,000 to each district attorney, county sheriff, and city police chief.

### **SB1753 – Support**

SB 1753, by Senator James Brulte, proposes to make funding available for technology grants and technology-related acquisitions to enhance public safety. The measure would appropriate \$180 million for distribution to district attorneys, county sheriffs, and city police chiefs for technology purchases that can assist local jurisdictions in crime prevention and suppression efforts. The measure also specifies that each local jurisdiction would receive a minimum funding level of \$150,000, with the remaining funds distributed on a per-capita basis.

### **SB1936 – Support**

SB 1936, by Senator Adam Schiff, would extend state support for the COPS program through fiscal year 2004–05. The measure would appropriate \$100 million under the existing COPS distribution formula for an additional five years. The bill also makes a number of changes to the administration of the COPS fund, including a provision that ratchets up expenditure reporting requirements.

## **DNA Testing**

As noted in the Feb. 17 Bulletin, the Legislature is currently considering several pieces of legislation that would expand DNA testing for certain felony offenses or under certain circumstances following a conviction.

CSAC has learned that DNA tests performed at the local level may not be fully funded under existing statute, so any new mandate may impose significant additional costs on local government. Counties are encouraged to examine the DNA proposals summarized below with an eye toward identifying possible fiscal implications.

### **AB 2814 – Request for Comment**

Counties are requested to review AB 2814, by Assembly Member Mike Machado. The bill would, among other things, extend mandatory forensic sample collection to all persons, including juveniles, housed in a mental health facility who committed an offense that would otherwise have subjected them to sample submission. AB 2814 passed the Assembly Public Safety Committee and now awaits hearing before Assembly Appropriations.

### **SB 1818 – Request for Comment**

Senator Jackie Speier has introduced a measure that would place additional DNA testing requirements on the Department of Justice (DOJ) for cases involving missing or deceased children. Specifically, it would require the DOJ to develop a DNA database to match and compare samples of recovered unidentified deceased children with those of reported missing children. Of interest to counties is the bill's provisions relating to law enforcement agencies' responsibilities in collecting and destroying DNA samples. The Senate Public Safety Committee will hear SB 1818 on April 25.

### **Related Legislative Proposals Reported on Previously**

SB 1342 (Burton) would grant a criminal defendant the right, under certain circumstances, to introduce new forensic evidence—after conviction—relating to the charges that resulted in his or her conviction if that evidence (or the technology for forensic testing) was not available at the time of trial. POSITION: Watch; LEGISLATIVE BULLETIN: 2-17-00; STATUS: Passed Senate Public Safety Committee 4-11-00 with amendments; now awaiting hearing before the Senate Appropriations Committee.

AB 557 (Nakano) would require any person convicted of first-degree burglary to submit certain forensic samples for inclusion in the DOJ DNA database. POSITION: Pending; LEGISLATIVE BULLETIN: 2-17-00; STATUS: Awaiting hearing before the Senate Public Safety Committee.

## **5.) Agriculture and Natural Resources**

*For more information, contact Karen Keene at 916/327-7500, ext. 511, or e-mail [kkeene@counties.org](mailto:kkeene@counties.org).*

### **Biosolids**

#### **SB 1956 – Request for Comments**

SB 1956, by Senator Richard Polanco, would prohibit a local government from enacting, maintaining, or enforcing an ordinance, regulation, or resolution that prescribes standards in addition to, or more restrictive than, certain state and federal regulations applicable to biosolids land application. However, the local government may adopt standards in addition to, or more restrictive than state and federal regulations or requirements under the following circumstances:

- The local government determines that the operation of a biosolids land application site within that local jurisdiction will result in unreasonable adverse effects on the environment or public health within the local jurisdiction. The determination that unreasonable adverse effects on the environment or public health will exist shall be based on substantial peer-reviewed, scientific evidence in the record of the proceedings and shall take into consideration specific populations whose health may be adversely affected within the local jurisdiction.
- The local government determines that the operation of a biosolids land application site within that local jurisdiction has resulted or will result in the local government being in violation of other applicable state or federal laws.

In addition, SB 1956 would authorize any interested person to petition the State Water Resources Control Board for review of the action of the local government. Once specified procedural requirements are followed, the bill would provide the state board with the authority to affirm or invalidate the action of the local government. SB 1956 is scheduled to be heard before the Senate Environmental Quality Committee on April 24.

## CUPA

### SB 1824 – Support

SB 1824, by Senator David Kelley and sponsored by the Regional Council of Rural Counties (RCRC), would amend the existing law affecting certified unified program agencies (CUPAs). The bill specifies that in those areas of the state where no local agency has been certified to become a CUPA in a county by Jan. 1, 2000, the secretary of the State Resources Agencies would be required to work cooperatively with the county to determine the most effective and efficient means of implementing the unified program. In addition, the bill would establish the Rural County Reimbursement Account in the General Fund and would authorize the secretary to expend the money in the account, upon appropriation by the Legislature, to make specified allocations to a county that implements the unified program pursuant to one of the methods specified in the bill. Finally, SB 1824 would require such a county to set the fees under the single fee system so that the fee amounts collected and the amount allocated by the secretary are sufficient to pay the necessary costs incurred by the county in implementing the unified program. This measure is scheduled to be heard before the Senate Environmental Quality Committee on April 24.

## Disaster Recovery

### SB 1871 – Support

SB 1871, by Senator Richard Alarcón, would require the Office of Emergency Services (OES) to establish a statewide disaster recovery plan to assist local governments in recovering from a disaster. The plan must include, but not be limited to, all of the following:

- Identification of eligible reimbursable costs provided by the Federal Emergency Management Agency (FEMA).
- Exploration of creative ways to identify matching funds for state and local government applications to FEMA's post-disaster Hazard Grant Mitigation Program funds.
- Mitigation priorities for the state.
- Development of a team approach to assist local governments in post-disaster recovery.
- Creation of a mitigation committee consisting of representatives of appropriate state agencies that would assist local governments in reducing earthquake risk.

SB 1871 would also appropriate \$250,000 from the General Fund to OES to establish the plan.

This measure is scheduled to be heard before the Senate Governmental Organization Committee on April 25.

## Solid Waste

### AB 2465 – Oppose

AB 2465, by Assembly Member Bruce Thompson, would prohibit a public agency or a private party from establishing a new solid waste facility or transformation facility, or expanding an existing solid waste facility or transformation facility, that will result in a significant increase in the amount of solid waste handled at the facility, as determined by the Native American Heritage Commission, if that action interferes with the free expression or exercise of Native American religion, or causes damage to specified sacred sites. The bill further specifies that a public agency or private party may take the actions to site or expand such facilities only upon a clear and convincing showing to the commission that the public interest and necessity so require. The bill would also authorize the commission to bring an action to enforce this provision.

CSAC opposes this measure on the basis that it would interfere with the local land use decision-making process, as well as the enforcement process used by the state and certified local enforcement agencies (LEAs). AB 2465 is scheduled to be heard before the Assembly Natural Resources Committee on April 24.

## **Endangered Species**

### **AB 2795 – Request for Comment**

At the request of the Kern County Farm Bureau, Assembly Member Dean Florez has introduced AB 2795 to modify the State Fish and Game Code. As reported in the March 30 Bulletin, this bill would authorize the Department of Fish and Game to authorize the taking of a "fully protected species" under the same circumstances that the department may authorize the taking of an endangered, threatened, or candidate species pursuant to the California Endangered Species Act or the Natural Community Conservation Planning Act.

According to a briefing paper prepared by the Kern County Farm Bureau, "The department currently issues such permits for CESA-listed species, but has recently concluded it cannot do so for those CESA-listed species designated as "fully protected" in a different section of the Fish and Game Code. Thirty-seven species are listed as "fully protected." AB 2795 is scheduled to be heard before the Assembly Water, Parks and Wildlife Committee on April 25.