



**Government Finance and Operations Policy Committee**  
**CSAC Annual Meeting**  
**Thursday, December 3, 2015 — 9:00 a.m. – 11:00 a.m.**  
**Monterey Marriott, San Carlos Room 4**  
**Monterey County, California**

**Supervisor Henry Perea, Fresno County, Chair**  
**Supervisor Erin Hannigan, Solano County, Vice Chair**

- 9:00 a.m. I. **Welcome and Introductions**  
*Supervisor Henry Perea, Fresno County, Chair*  
*Supervisor Erin Hannigan, Solano County, Vice Chair*
- 9:05 a.m. II. **State Budget Update**  
*Carolyn Chu, Senior Fiscal & Policy Analyst, Legislative Analyst's Office*
- 9:25 a.m. III. **Bill Co-Sponsorship Proposals – ACTION ITEM**  
*Faith Conley, Legislative Representative, CSAC*
- 9:45 a.m. IV. **CSAC Policy Platform Language: Broadband – ACTION ITEM**  
*Dorothy Holzem, Legislative Representative, CSAC*
- 10:00 a.m. V. **Affordable Care Act Excise Tax Update**  
*Shardé C. Thomas, Associate, Liebert Cassidy Whitmore*
- 10:25 a.m. VI. **2015 Legislative Session Key Outcomes**  
*Faith Conley, Legislative Representative, CSAC*  
*Dorothy Holzem, Legislative Representative, CSAC*
- 10:45 a.m. VII. **2016 GF&O Committee Policy Priorities**  
*Faith Conley, Legislative Representative, CSAC*  
*Dorothy Holzem, Legislative Representative, CSAC*
- 10:55 a.m. VIII. **NACo Committee Opportunities**  
*Betsy Hammer, Legislative Analyst, CSAC*
- 10:55 a.m. IX. **GASB 68 and GASB 77 Update**  
*Betsy Hammer, Legislative Analyst, CSAC*
- 11:00 a.m. X. **Closing Comments and Adjournment**  
*Supervisor Henry Perea, Fresno County, Chair*  
*Supervisor Erin Hannigan, Solano County, Vice Chair*

# **ATTACHMENTS**

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## **Bill Co-Sponsorship Proposals**

Attachment One ..... Memo on Assembly Bill 1238  
Attachment Two ..... Assembly Bill 1238 Language  
Attachment Three ..... Assembly Bill 1238 Graphic  
Attachment Four ..... Memo on Assembly Bill 1546  
Attachment Five ..... Assembly Bill 1546 Language

## **CSAC Policy Platform Language: Broadband**

Attachment Six ..... Memo on Broadband Policy Platform Addition  
Attachment Seven ..... Draft Policy Platform Language

## **Affordable Care Act Excise Tax Update**

Attachment Eight ..... CSAC Comments to Internal Revenue Service  
(NOPR 2015-16)  
Attachment Nine ..... CSAC Comments to Internal Revenue Service  
(NOPR 2015-52)

## **2015 Legislative Session Key Outcomes**

Attachment Ten ..... Employee Relations Legislative Bulletin  
Attachment Eleven ..... Revenue and Taxation Legislative Bulletin

## **2016 GF&O Committee Policy Priorities**

Attachment Twelve ..... GF&O Year in Review and 2016 Policy  
Priorities

## **NACo Committee Opportunities**

Attachment Thirteen ..... Memo on NACo Committee Opportunities

## **GASB 68 and GASB 77 Update**

Attachment Fourteen ..... Memo on GASB Statement Updates

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Bill Co-Sponsorship Proposals

**Attachment One**

Memo on Assembly Bill 1238



November 17, 2015

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To: Members, Government Finance and Operations Committee

From: Faith Conley, Legislative Representative, CSAC  
Betsy Hammer, Legislative Analyst, CSAC

**RE: Request for Co-Sponsorship of Assembly Bill 1238 Certified copies of marriage, birth, and death certificates: electronic application. – ACTION ITEM**

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**Recommendation.** Staff recommends the Government Finance and Operations (GF&O) Committee approve co-sponsoring Assembly Bill 1238, by Assembly Member Eric Linder, which would authorize the State Registrar, a local registrar, or county recorder to accept electronic acknowledgment, sworn under penalty of perjury, that the requester of a marriage, birth, or death certificate is an authorized person.

**Background.** As counties are aware, existing law requires county recorders, upon payment of a required fee, to supply applicants a certified copy of birth, death, marriage, or divorce records if the request:

- Is written or faxed and accompanied by a notarized statement, sworn under penalty of perjury, that the requester is an “authorized person”; or,
- Is made in person, and the official takes a statement, sworn under penalty of perjury, that the requester is signing his or her own legal name and is an “authorized person”.

AB 1238 would amend Health and Safety Code §103526 to allow local jurisdictions to provide consumers with the option to complete an online request for vital records digitally, consistent with the current practices of more than 33 other states. Specifically, an official choosing to offer this option would provide a knowledge-based authentication method to establish the identity of the requestor and their acknowledgement as an authorized person electronically. The electronic transaction will be subject to compliance with the California Uniform Electronic Transactions Act.

**Policy Considerations.** Currently, a person requesting a certified copy of a vital record online must complete their request offline by separately executing a notarized affidavit of identity with a notary. The online request is not processed until the requestor mails or hand delivers the notarized affidavit to the Registrar’s office. The current process presents challenges for persons who do not have ready access to a notary or who lack formal identification. This includes persons who may reside overseas, are in the military, or do not have a valid driver’s license or identification (e.g., indigent or homeless customers). For every one of these requests, the individual has to separately complete an affidavit of identity with a notary, even though in 2013, AB 464 (Chapter 78, Statutes of 2013) took the first step in allowing persons to make part of their request for copies of vital records online. The current process is increasingly out of step with trends to increase access to vital government services through online

technologies; AB 1238 would streamline the request process by allowing people the option to complete their request online without the need to send a separate notarized affidavit.

California and Minnesota are the only two states in the nation which currently require a notarized statement in conjunction with the online request. The option of being able to fully submit an electronic request will significantly reduce processing time for customers. This process will also reduce the overall cost for obtaining copies of vital records. For example, the current fee for a certified copy of a birth certificate in Los Angeles County ranges from \$23 to \$28. The average notary fee for an affidavit is as much as \$20. The total fee for someone requesting this record under the current system of a partial online request could be as much as \$50. Contra Costa County processed 5,628 electronic orders last year - the staff time involved in document matching would have saved the county 1,426 staff hours or approximately 35 weeks of work that could have been dedicated to other tasks. Santa Clara County processed 12,277 electronic orders last year. The staff time involved in document matching would have saved the county 3,112 staff hours or approximately 77 weeks of work.

**This legislation does not provide for electronic access to vital records online. The requestor will still receive a certified copy of the record by mail.**

AB 1238 will reduce the amount of time for requesting a vital record and significantly reduce costs that would have been incurred submitting a notarized affidavit of identity. AB 1238 simply brings California vital records processing up to current digital standards by authorizing the use of modern technology utilized by local and state jurisdictions throughout the country.

**Action Requested.** Staff requests action by the Government Finance and Operations Committee to co-sponsor AB 1238 with the Urban Counties Caucus. In doing so, staff would be actively engaged in advocating the legislation to legislators and the Administration as well as the appropriate state agencies to ensure the bill's passage and subsequent enactment.

**Attachments.** AB 1238 bill language, KBA Identity and Fraud Prevention graphic.

**Staff Contact.** Please contact Faith Conley at 916/650-8117, or [fconley@counties.org](mailto:fconley@counties.org) or Betsy Hammer at 916/650-8108 or [bhammer@counties.org](mailto:bhammer@counties.org) for further information.

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Bill Co-Sponsorship Proposals  
**Attachment Two**  
Assembly Bill 1238 Language

AMENDED IN ASSEMBLY APRIL 20, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1238**

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**Introduced by Assembly Member Linder**

February 27, 2015

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~~An act to add Sections 30004 and 30112 to the Revenue and Taxation Code, relating to taxation. An act to amend Section 103526 of the Health and Safety Code, relating to vital records.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1238, as amended, Linder. ~~Cigarette and tobacco products taxes: premium cigars.~~ *Certified copies of marriage, birth, and death certificates: electronic application.*

*Under existing law, a certified copy of a birth, death, marriage, or military service record may only be supplied by the State Registrar, local registrar, or county recorder to an authorized person, as defined, who submits a written, faxed, or digitized image request accompanied by a notarized statement sworn under penalty of perjury that the applicant is an authorized person.*

*This bill would, if the request for a certified copy of a birth, death, or marriage record is made electronically, authorize the official to accept electronic acknowledgment, sworn under penalty of perjury, that the requester is an authorized person. The bill would require the request to provide a method for the official to establish the identity of the requester electronically and would require the system or product used to process the electronic request and to establish the requester's*

*identity to comply with specified provisions and protect the personal information of the requester and guard against identity theft.*

~~The Cigarette and Tobacco Products Tax Law imposes a tax on every distributor of cigarettes and tobacco products at specified rates, including additional taxes imposed under the Tobacco Tax and Health Protection Act of 1988 (Proposition 99) and the California Families and Children Act of 1998 (Proposition 10). That law imposes taxes on other tobacco products, including cigars, measured by wholesale cost, at a rate determined annually by the State Board of Equalization, as provided.~~

~~The Tobacco Tax and Health Protection Act of 1988, and the California Families and Children Act of 1998, each requires that amendments to its provisions be consistent with the act’s purposes, and be approved, respectively, by either a  $\frac{4}{5}$  or  $\frac{3}{5}$  vote of both houses of the Legislature.~~

~~This bill would define a “premium cigar” for purposes of these taxes as any roll of tobacco spiral wrapped in leaf tobacco that does not contain a plastic or wooden filter or tip, and that weighs over 6 pounds per thousand cigars. The bill would also provide that the rate of tax imposed on the distribution of a premium cigar would not exceed \$ \_\_\_\_\_.~~

~~Vote:  $\frac{4}{5}$ -majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.~~

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 103526 of the Health and Safety Code is
- 2     amended to read:
- 3     103526. (a) (1) If the State Registrar, local registrar, or county
- 4     recorder receives a written, faxed, or digitized image of a request
- 5     for a certified copy of a birth, death, or marriage record pursuant
- 6     to Section 103525 that is accompanied by a notarized statement
- 7     sworn under penalty of ~~perjury~~; *perjury* or a faxed copy or digitized
- 8     image of a notarized statement sworn under penalty of ~~perjury~~;
- 9     *perjury* that the requester is an authorized person, as defined in
- 10    this section, that official may furnish a certified copy to the
- 11    applicant pursuant to Section 103525. ~~A~~
- 12    (2) A faxed or digitized image of the notary acknowledgment
- 13    accompanying a faxed request received pursuant to this subdivision
- 14    for a certified copy of a birth, death, or marriage record shall be
- 15    legible and, if the notary’s seal is not photographically



1 reproducible, show the name of the notary, the county of the  
2 notary's principal place of business, the notary's telephone number,  
3 the notary's registration number, and the notary's commission  
4 expiration date typed or printed in a manner that is photographically  
5 reproducible below, or immediately adjacent to, the notary's  
6 signature in the acknowledgment. If a request for a certified copy  
7 of a birth, death, or marriage record is made in person, the official  
8 shall take a statement sworn under penalty of perjury that the  
9 requester is signing his or her own legal name and is an authorized  
10 person, and that official may then furnish a certified copy to the  
11 applicant.

12 *(3) If a request for a certified copy of a birth, death, or marriage*  
13 *record is made electronically, the official may accept an electronic*  
14 *acknowledgment, sworn under penalty of perjury, that the requester*  
15 *is an authorized person pursuant to this section. The request shall*  
16 *also provide a method for the official to establish the identity of*  
17 *the requester electronically, pursuant to this section. A system or*  
18 *product used to process the electronic request and establish the*  
19 *requester's identity shall comply with the provisions of the*  
20 *California Uniform Electronic Transactions Act and all other*  
21 *applicable state and federal laws and regulations to protect the*  
22 *personal information of the requester and guard against identity*  
23 *theft. If a requester's identity cannot be established electronically*  
24 *pursuant to this paragraph, the requester may accompany his or*  
25 *her request with a notarized statement of identity pursuant to*  
26 *paragraph (1).*

27 ~~(2)~~

28 (4) For purposes of this subdivision, "digitized image" means  
29 an image of an original paper request for a certified copy of a birth,  
30 death, or marriage record.

31 (5) *Willfully obtaining or assisting another person in obtaining*  
32 *a vital record when he or she is not authorized to receive that*  
33 *record is a crime pursuant to Section 530.5 of the Penal Code.*

34 (b) (1) If the person requesting a certified copy of a birth, death,  
35 or nonconfidential marriage record is not an authorized person or  
36 is an authorized person who is otherwise unable to satisfy the  
37 requirements of subdivision (a), the certified copy provided to the  
38 applicant shall be an informational certified copy and shall display  
39 a legend that states "INFORMATIONAL, NOT A VALID  
40 DOCUMENT TO ESTABLISH IDENTITY." The legend shall

1 be placed on the certificate in a manner that will not conceal  
 2 information.

3 (2) If the person requesting a certified copy of a confidential  
 4 marriage record is not an authorized person or is an authorized  
 5 person who is otherwise unable to satisfy the requirements of  
 6 subdivision (a), the official shall not release a certified copy of the  
 7 confidential marriage record unless otherwise authorized by law.

8 (c) For purposes of this section, an “authorized person” means:

9 (1) For purposes of requests for certified copies of confidential  
 10 marriage records, only a party to the confidential marriage.

11 (2) For purposes of requests for certified copies of birth, death,  
 12 or nonconfidential marriage records, a person who is any of the  
 13 following:

14 (A) The registrant or a parent or legal guardian of the registrant.

15 (B) A party entitled to receive the record as a result of a court  
 16 order, or an attorney or a licensed adoption agency seeking the  
 17 birth record in order to comply with the requirements of Section  
 18 3140 or 7603 of the Family Code.

19 (C) A member of a law enforcement agency or a representative  
 20 of another governmental agency, as provided by law, who is  
 21 conducting official business.

22 (D) A child, grandparent, grandchild, sibling, spouse, or  
 23 domestic partner of the registrant.

24 (E) An attorney representing the registrant or the registrant’s  
 25 estate, or any person or agency empowered by statute or appointed  
 26 by a court to act on behalf of the registrant or the registrant’s estate.

27 (F) An agent or employee of a funeral establishment who acts  
 28 within the course and scope of his or her employment and who  
 29 orders certified copies of a death certificate on behalf of ~~any~~ *an*  
 30 individual specified in paragraphs (1) to (5), inclusive, of  
 31 subdivision (a) of Section 7100.

32 (d) A person who asks the agent or employee of a funeral  
 33 establishment to request a death certificate on his or her behalf  
 34 warrants the truthfulness of his or her relationship to the ~~decedent~~,  
 35 *decedent* and is personally liable for all damages occasioned by,  
 36 or resulting from, a breach of that warranty.

37 (e) Notwithstanding any other law:

38 (1) A member of a law enforcement agency or a representative  
 39 of a state or local government agency, as provided by law, who  
 40 orders a copy of a record to which subdivision (a) applies in

1 conducting official business shall not be required to provide the  
2 notarized statement required by subdivision (a).

3 (2) An agent or employee of a funeral establishment who acts  
4 within the course and scope of his or her employment and who  
5 orders death certificates on behalf of individuals specified in  
6 paragraphs (1) to (5), inclusive, of subdivision (a) of Section 7100  
7 shall not be required to provide the notarized statement required  
8 by subdivision (a).

9 (f) Informational certified copies of birth and death certificates  
10 issued pursuant to subdivision (b) shall only be printed from the  
11 single statewide database prepared by the State Registrar and shall  
12 be electronically redacted to remove any signatures for purposes  
13 of compliance with this section. Local registrars and county  
14 recorders shall not issue informational certified copies of birth and  
15 death certificates from a source other than the statewide database  
16 prepared by the State Registrar. This subdivision shall become  
17 operative on July 1, 2007, but only after the statewide database  
18 becomes operational and the full calendar year of the birth and  
19 death indices and images is entered into the statewide database  
20 and is available for the respective year of the birth or death  
21 certificate for which an informational copy is requested. The State  
22 Registrar shall provide written notification to local registrars and  
23 county recorders as soon as a year becomes available for issuance  
24 from the statewide database.

25 ~~SECTION 1. Section 30004 is added to the Revenue and~~  
26 ~~Taxation Code, to read:~~

27 ~~30004. "Premium cigar" means any roll of tobacco spiral~~  
28 ~~wrapped in leaf tobacco that does not contain a plastic or wooden~~  
29 ~~filter or tip, and that weighs over six pounds per thousand cigars.~~

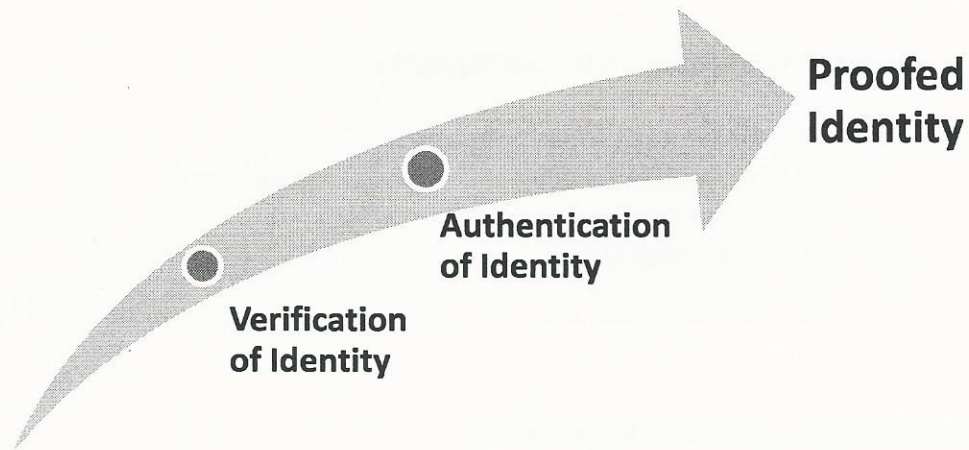
30 ~~SEC. 2. Section 30112 is added to the Revenue and Taxation~~  
31 ~~Code, to read:~~

32 ~~30112. Notwithstanding any other provision of this part, the~~  
33 ~~rate of tax imposed on the distribution of a premium cigar shall~~  
34 ~~not exceed \_\_\_\_\_(\$\_\_\_\_\_).~~

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Bill Co-Sponsorship Proposals  
**Attachment Three**  
Assembly Bill 1238 Graphic

# Authentication: Identity Assurance and Fraud Prevention



	Process Description	Sample Process
<b>Identity Verification</b>	<p><b>Verify the identity</b> Establish that the identity exists.</p> <p><i>“Does Bob Jones exist?”</i></p>	<ul style="list-style-type: none"> <li>Verify the name, date of birth, address or other personal information to access its validity</li> </ul>
<b>Identity Authentication</b>	<p><b>Authenticate the identity</b> Determine whether an individual or business owns the identity.</p> <p><i>“Are you Bob Jones?”</i></p>	<p><b><i>Something You Know - Knowledge-Based</i></b> (Biographic Information, Personal Identification Number, Password)</p> <p><b><i>Something You Have – Possession-Based</i></b> (Government ID, Mobile Device, Authentication Token)</p> <p><b><i>Something You Are – Biometric-Based</i></b> (Fingerprint, Voice Print, Facial Recognition)</p>
<b>Fraud Risk Decisioning/ Fraud Evaluation</b>	<p><b>Evaluate the identity (and/or the transaction)</b></p> <p>Identifies if there are fraud risk indicators that may impact the identity decision.</p> <p><i>“How risky is this decision?”</i></p>	<ul style="list-style-type: none"> <li>Identity, transaction or device velocity</li> <li>High risk transaction location</li> <li>High risk identity, associated with fraud</li> </ul>

## **In-Person Identity Authentication**

For face-to-face transactions, authentication is typically performed using driver’s license or passport and facial comparisons.

## **Remote Identity Authentication**

For remote transactions, Dynamic Knowledge Based Authentication is a well-known and trusted authentication method that pulls information from public records, property deeds, credit report information and more.

### **Top Drivers for Remote Identity Authentication:**

- Electronic and mobile commerce
- Online/mobile banking and financial records access
- Electronic medical records access
- Electronic signatures

### **The IRS requires KBA for Electronic Signature for Forms 8878 and 8879**

The software will enable the identity verification using knowledge based authentication questions when an Electronic Return Originator (ERO) uses tax preparation software to interact with the taxpayer for purposes of obtaining an electronic signature on Form 8878 or 8879. If the taxpayer fails the KBA questions after three attempts, then the ERO must obtain a handwritten signature on Form 8878 or 8879. (Updated 11/06/2014)

### **FTC approves KBA under COPPA**

On December 23, 2013, the Federal Trade Commission issued a letter approving the use of knowledge-based authentication as a method of obtaining prior verifiable parental consent under its new Children's Online Privacy Protection Act Rule, 16 C.F.R. Part 312.

### **FFIEC updates internet banking guidelines**

The Federal Financial Institutions Examination Council (FFIEC) updated its authentication guidelines to recommend the use of dynamic KBA rather than static KBA for internet banking.

### **Sources**

Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns  
<http://www.irs.gov/pub/irs-pdf/p1345.pdf>

Electronic Signature Guidance for Forms 8878 and 8879  
<http://www.irs.gov/uac/Electronic-Signature-Guidance-for-Forms-8878-and-8879>

Supplement to Authentication in an Internet Banking Environment  
[http://www.ffiec.gov/pdf/Auth-ITS-Final%206-22-11%20\(FFIEC%20Formatted\).pdf](http://www.ffiec.gov/pdf/Auth-ITS-Final%206-22-11%20(FFIEC%20Formatted).pdf)

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Bill Co-Sponsorship Proposals  
**Attachment Four**  
Memo on Assembly Bill 1546



November 17, 2015

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To: Members, Government Finance and Operations Committee

From: Faith Conley, Legislative Representative, CSAC  
Betsy Hammer, Legislative Analyst, CSAC

**RE: Request for Co-Sponsorship of Assembly Bill 1546: Vital Records – ACTION ITEM**

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**Recommendation.** Staff recommends the Government Finance and Operations (GF&O) Committee consider co-sponsoring Assembly Bill 1546, by Assembly Member Kristin Olsen, which would authorize a certified copy of a birth, death, or marriage record to include a feature other than intaglio print that provides equal or greater security protection than intaglio print.

**Background.** California Health and Safety Code provides authority to the State Registrar, local registrars and county recorders to, upon request and payment of a required fee, provide a copy of a birth, death, marriage or marriage dissolution record to an applicant. Health and Safety Code §103526.5 further lays out stringent requirements for the printing of certified copies of these records, including that they must be printed on chemically sensitized security paper that measures 8 1/2 inches by 11 inches and contain the following features:

- Intaglio print.
- Latent image.
- Fluorescent, consecutive numbering with matching barcode.
- Microprint line.
- Prismatic printing.
- Watermark.
- Void pantograph.
- Fluorescent security threads.
- Fluorescent fibers.

While most states have similar security measures, California is only one of two states which, in addition to the above measures, require the specific intaglio printing, a type of textured, raised engraving made into the paper. In early 2015, due to mergers and acquisitions of various bank note companies nationwide, only one company (Sekuworks) in the nation met the security requirements of California – specifically intaglio printing – and was the company that provided bank note paper to all 58 California counties. In July 2015, Sekuworks abruptly and permanently closed and counties, as well as the state, were left with declining amounts of secure paper for vital records and limited options for purchasing more. Many counties are drastically rationing their provisions of vital records to applicants and others have depleted their supply of the special security paper and are referring applicants to the State Department of Public Health. Several counties are negotiating or have signed contracts with the Canadian Bank Note Paper Company, which prints the intaglio print paper necessary to meet California's security standards.



**Policy Considerations.** While temporary solutions are in place, a long-term approach to ensuring that counties are prepared to serve residents' needs for vital records with adequate inventory of secure bank note paper is necessary. To that end, Assembly Member Kristin Olsen has introduced AB 1546, which would authorize a certified copy of a birth, death, or marriage record to include a feature other than intaglio print that provides equal or greater security protection than intaglio print. AB 1546 would also direct the State Registrar to appoint a Vital Records Protection Advisory Committee to study and make recommendations to protect individual privacy, inhibit identity theft, and prevent fraud involving birth, death, and marriage certificates while providing needed access to the information contained in those records by persons seeking it for a legitimate purpose. Lastly, the bill calls for a study of the feasibility of the continued use of intaglio print and the implementation of different security features for paper used to print a vital record.

The bill is an urgency measure, which ensures that once the bill is signed into law, it will take effect immediately, thereby preventing further delay in establishing contracts for secure bank note paper for vital records.

**Action Requested.** Staff requests action by the Government Finance and Operations Committee to co-sponsor AB 1546 with the County Recorders Association of California (CRAC). In doing so, staff would be actively engaged in advocating the legislation to legislators and the Administration as well as the appropriate state agencies to ensure the bill's passage and subsequent enactment.

**Attachment.** AB 1546 bill language.

**Staff Contact.** Please contact Faith Conley at 916/650-8117, or [fconley@counties.org](mailto:fconley@counties.org) or Betsy Hammer at 916/650-8108 or [bhammer@counties.org](mailto:bhammer@counties.org) for further information.

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Bill Co-Sponsorship Proposals  
**Attachment Five**  
Assembly Bill 1546 Language

**ASSEMBLY BILL**

**No. 1546**

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**Introduced by Assembly Member Olsen  
(Coauthors: Assembly Members Daly and Ting)**

September 9, 2015

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An act to amend Section 103526.5 of, and to add Section 103526.6 to, the Health and Safety Code, relating to vital records, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1546, as introduced, Olsen. Vital records.

Existing law prescribes specified personal information to be included on birth, death, and marriage certificates. Under existing law, a certified copy of a birth or death record may only be supplied by the State Registrar, local registrar, or county recorder to an authorized person, as defined, who submits a statement sworn under penalty of perjury that the applicant is an authorized person. Existing law also requires that each certified copy of a birth, death, or marriage record contain specified information and be printed on sensitized security paper with specified features, including, among others, intaglio print.

This bill would authorize a certified copy of a birth, death, or marriage record to include a feature other than intaglio print that provides equal or greater security protection than intaglio print.

Existing law requires the State Registrar to appoint a Vital Records Protection Advisory Committee to study and make recommendations to protect individual privacy, inhibit identity theft, and prevent fraud involving birth, death, and marriage certificates while providing needed access to the information contained in those records by persons seeking it for a legitimate purpose.

This bill would require the State Registrar, in consultation with the County Recorders’ Association of California and other stakeholders, to study the feasibility of the continued use of intaglio print and the implementation of different security features for paper used to print a vital record. The bill would require the State Registrar to submit a report to the Legislature, on or before January 1, 2017, that contains the findings of that study and legislative recommendations pertaining to those findings.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 103526.5 of the Health and Safety Code
- 2 is amended to read:
- 3 103526.5. (a) Each certified copy of a birth, death, or marriage
- 4 record issued pursuant to Section 103525 shall include the date
- 5 issued, the name of the issuing officer, the signature of the issuing
- 6 officer, whether that is the State Registrar, local registrar, county
- 7 recorder, or county clerk, or an authorized facsimile thereof, and
- 8 the seal of the issuing office.
- 9 (b) All certified copies of birth, death, and marriage records
- 10 issued pursuant to Section 103525 shall be printed on chemically
- 11 sensitized security paper that measures 8 ½ inches by 11 inches
- 12 and that has the following features:
- 13 (1) Intaglio ~~print.~~ *print, or another feature that provides equal*
- 14 *or greater security protection.*
- 15 (2) Latent image.
- 16 (3) Fluorescent, consecutive numbering with matching barcode.
- 17 (4) Microprint line.
- 18 (5) Prismatic printing.
- 19 (6) Watermark.
- 20 (7) Void pantograph.
- 21 (8) Fluorescent security threads.
- 22 (9) Fluorescent fibers.
- 23 (10) Any other security features deemed necessary by the State
- 24 Registrar.

1 (c) The State Registrar, local registrars, county recorders, and  
2 county clerks shall take precautions to ensure that uniform and  
3 consistent standards are used statewide to safeguard the security  
4 paper described in subdivision (b), including, but not limited to,  
5 the following measures:

6 (1) Security paper shall be maintained under secure conditions  
7 so as not to be accessible to the public.

8 (2) A log shall be kept of all visitors allowed in the area where  
9 security paper is stored.

10 (3) All spoilage shall be accounted for and subsequently  
11 destroyed by shredding on the premises.

12 SEC. 2. Section 103526.6 is added to the Health and Safety  
13 Code, to read:

14 103526.6. (a) The State Registrar, in consultation with the  
15 County Recorders' Association of California and other  
16 stakeholders, shall study the feasibility of the continued use of  
17 intaglio print and the implementation of other security features for  
18 paper used to print a vital record pursuant to Section 103525.

19 (b) (1) On or before January 1, 2017, the State Registrar shall  
20 submit to the Legislature a report that contains the findings of the  
21 study conducted pursuant to subdivision (a) and legislative  
22 recommendations pertaining to those findings.

23 (2) A report submitted to the Legislature pursuant to this  
24 subdivision shall be submitted in compliance with Section 9795  
25 of the Government Code.

26 SEC. 3. This act is an urgency statute necessary for the  
27 immediate preservation of the public peace, health, or safety within  
28 the meaning of Article IV of the Constitution and shall go into  
29 immediate effect. The facts constituting the necessity are:

30 In order for the State Registrar to conduct a study regarding the  
31 feasibility of continued use of intaglio print and the implementation  
32 of other security features for paper used to print a vital record as  
33 soon as possible, and to ensure timely reporting of the findings of  
34 that study to the Legislature, it is necessary that this act take effect  
35 immediately.

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CSAC Policy Platform Language: Broadband  
**Attachment Six**  
Memo on Broadband Policy Platform Addition



November 17, 2015

1100 K Street  
Suite 101  
Sacramento  
California  
95814

Telephone  
916.327.7500

Facsimile  
916.441.5507

To: Members, Government Finance and Operations Policy Committee

From: Dorothy Holzem, Legislative Representative  
Betsy Hammer, Legislative Analyst

RE: **CSAC Policy Platform Language: Broadband – ACTION ITEM**

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**Recommendation.** Approve the proposed Broadband Platform Language and transmit to the Board of Directors as drafted.

**Background.** There have been recent and increasing state and federal legislative and regulatory actions related to broadband, or high speed internet, that have called for CSAC advocacy to promote and protect the interests of our members. However, the current CSAC Policy Platform does not speak directly to this issue in terms of infrastructure development, funding opportunities, and definitions of this technology, amongst other issues.

In early November, staff disseminating via email draft language to the Policy Committee for review. Two conference calls were held to discuss the proposed language and staff also received feedback from Policy Committee members via email. Comments have been collected and reflected in the draft platform amendments.

**Platform Language Process.** Every two years, the CSAC Board of Directors adopts the CSAC Platform at the beginning of a new legislative session. However, the platform is a living document and may be amended by the Board of Directors by actions taken in response to policy issues.

**Attachment.** Draft CSAC Policy Platform Amendment

**Staff Contacts.** Dorothy Holzem can be reached at (916) 327-7500, ext 515 or [dholzem@counties.org](mailto:dholzem@counties.org). Betsy Hammer can be reached at (916) 327-7500, ext 531 or [bhammer@counties.org](mailto:bhammer@counties.org).

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CSAC Policy Platform Language: Broadband

**Attachment Seven**

Draft Policy Platform Language



## CSAC DRAFT LANGUAGE – BROADBAND PLATFORM

*To Amend CSAC Platform Chapter Five “Government Operations” and insert:*

### **Section 7: BROADBAND**

Counties support the expansion of broadband, or high speed internet, to all parts of the State to drive economic development and job opportunities, support county service delivery, and improve health, education and public safety outcomes for residents.

Widespread access and adoption are important equity elements and should be supported in state and federal legislative or regulatory proposals. This entails establishing and maintaining reliable service in unserved or underserved communities; providing digital literacy education; making broadband service affordable; and maximizing existing and new infrastructure resources.

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Affordable Care Act Excise Tax Update  
**Attachment Eight**  
CSAC Comments to Internal Revenue Service on  
Notice of Proposed Rulemaking 2015-16



May 13, 2015

CC:PA:LPD:PR (Notice 2015-16)  
Room 5203  
Internal Revenue Service  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044

**Re: IRS Notice 2015-16 – Excise Tax on High Cost Employer-Sponsored Health Coverage**

The California State Association of Counties (CSAC) appreciates the opportunity to share our comments and concerns regarding Notice 2015-16, Section 49801 – Excise Tax on High Cost Employer-Sponsored Health Coverage.

CSAC represents all 58 counties in California before the State Legislature, administrative agencies and the federal government. The following comments are based upon the technical input provided by our member counties. They are summary in nature as our understanding is that this Notice is the first step in a formal process that will ultimately lead to regulations; however, California's counties are concerned that the issued notice regarding the excise tax illustrates an impending significant financial and administrative burden on local governments.

**Excise tax indexing formula.** The dollar level triggering the excise tax increases only in relation to the Consumer Price Index (CPI), which grows at a significantly slower rate compared to medical costs and health care cost inflation. Since 1999, the cost of healthcare has experienced a nine percent inflation rate **annually**. As actual medical trend far exceeds the excise tax indexing formula, many counties will exceed the excise tax thresholds almost immediately and continue to be subject to the tax going forward based on current health care cost trends. Payment of the excise tax by our counties and their residents would understandably reduce funding for essential local services such as health and public safety.

We would additionally note that the excise tax is currently defined as a single threshold for all employers – there is limited consideration of geography or demographics within those excise tax thresholds as well as a lack of attention to the fact that such factors are highly impactful to medical costs. As a result, a substantial burden will be placed on those California counties where the cost of medical care exceeds that of other regions.

**Types of Coverage Included.** The inclusion of several types of coverage in the calculation of the excise tax seems to unfairly penalize certain groups of public employees. Including contributions to Retiree Health Reimbursement Accounts (HRA) in the formula will burden employees that have agreed to trade their traditional retiree medical plan for these plans; such contributions are made on behalf of active employees to pay for medical coverage post-retirement. It appears the excise tax applies to such plans, although the contributions will not be used until the employees retire. Thus, the

cost of the HRA plans as well as the cost of the employees' current health coverage are included in the excise tax calculation and will result in a dual cost that will likely require counties to terminate such programs that are intended to prefund retiree benefit costs. Additionally, including pre-tax medical flexible spending account (FSA) contributions in the excise tax calculation could also lead to counties reconsidering their offering of these programs, disproportionately increasing employee costs and impacting multiple bargaining agreements between counties and county employees. Our counties have taken significant steps to modernize health care plans and costs for our employees and including such contributions in the calculation of the excise tax seems to be inconsistent with the original intent of the Affordable Care Act itself.

**Calculation of the Excise Tax.** Many aspects of the calculation of the excise tax remain unclear and we would urge the adoption of regulations that clearly identify who will be responsible for calculating and paying the excise tax for the following programs:

- **Insured health plans**
  - (a) Will this be calculated by the carrier and be included in the premium?
  - (b) Will the carrier be responsible for paying the tax?
  - (c) Will the carrier separate the regular premium from the excise tax so that employees can still pay the regular premium before tax?
- **Self-insured health plans**
- **HRAs and FSAs**
  - (a) How will they be counted?
- **Self-insured dental**
- **Single-Employer Trust**
  - (a) Who is responsible for reporting?

Counties remain unclear as to how the excise tax will be calculated if an employee is enrolled in numerous programs or who would be responsible for calculating the total amount that is subject to that tax when multiple programs are involved.

While these are just a sample of the myriad issues regarding the administration and calculation of the excise tax and its effect on our 58 counties, CSAC looks forward to working further with the Internal Revenue Service and other stakeholders on future comments and suggestions as the process moves forward. Thank you for your consideration of these comments. Please contact Faith Conley (CSAC) at [fconley@counties.org](mailto:fconley@counties.org) or (916) 650-8117 with any questions.

Sincerely,



Faith Conley  
Legislative Representative

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Affordable Care Act Excise Tax Update  
**Attachment Nine**  
CSAC Comments to Internal Revenue Service on  
Notice of Proposed Rulemaking 2015-52



September 30, 2015

CC:PA:LPD:PR (Notice 2015-52)  
Room 5203  
Internal Revenue Service  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044

**Re: IRS Notice 2015-52 – Excise Tax on High Cost Employer-Sponsored Health Coverage**

The California State Association of Counties (CSAC) appreciates the opportunity to share our comments and concerns regarding Internal Revenue Service (IRS) 2015-52: Section 4980I – Excise Tax on High Cost Employer-Sponsored Health Coverage.

CSAC represents all 58 counties in California before the State Legislature, administrative agencies and the federal government. The following comments are based on the technical input provided by our member counties. While summary in nature, California counties share an overarching concern for the impending financial and administrative burdens associated with implementation of the Affordable Care Act (ACA) excise tax.

**Excise Tax Pass-Through**

The IRS has noted that, in some cases, it anticipates the amount of the excise tax to be passed through by the coverage provider to the employer. If this occurs, and the coverage provider then receives reimbursement for the tax, the reimbursement would be considered taxable income to the coverage provider. Accordingly, the amount that is passed through to the employer would include not only the excise tax reimbursement, but also the amount of the additional income tax. This would essentially result in double taxation for our counties, the public agencies that provide the majority of basic services to California's 38 million residents. CSAC believes that the intent of Section 4980I (f)(10) was to provide that any excise tax amount may not be taken into account when determining the cost of applicable coverage subject to the tax. CSAC recommends the IRS consider making the excise tax reimbursement non-taxable or tax-deductible, as well as excluding the excise tax reimbursement from the cost of applicable coverage.

## **Age and Gender Adjustment**

Notice 2015-52 briefly discusses the necessity of and gender adjustment as a basis for increasing the annual dollar threshold for the excise tax. CSAC anticipates further guidance on this proposal as appropriate adjustments would reduce the ultimate impact of the excise tax on both plan sponsors and the participants. Public employees tend to have longer service periods than those of their private sector counterparts and, therefore, the ability to adjust the annual threshold on age and gender characteristics if the cost of providing coverage would be higher for an employer's workforce in comparison to the national workforce. CSAC would also strongly recommend the consideration of regional differences in healthcare costs in current dollar limit adjustments provided in Section 4980I.

## **Frequency of Reporting**

CSAC recognizes that the IRS is in the process of considering how employers must notify coverage providers and the IRS of any excise tax due and the timing for when that information is provided. It is our understanding that the IRS is considering using the IRS form 720 (Quarterly Federal Excise Tax Return) to pay the excise tax. We would recommend the IRS consider requiring such filing once after the end of a calendar year rather than quarterly to allow employers and providers to reconcile any records before filing. This would ease potentially large administrative burdens on our counties.

While these are just a sample of the myriad issues surrounding the administration and calculation of the ACA excise tax and its effect on our 58 counties, CSAC looks forward to working further with the IRS and other stakeholders as further details are considered. Please contact Faith Conley ([fconley@counties.org](mailto:fconley@counties.org)) at (916)650-8117 with any questions.

Sincerely,

A handwritten signature in black ink that reads "Faith Conley". The signature is written in a cursive, flowing style.

Faith Conley  
Legislative Representative, CSAC

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2015 Legislative Session Key Outcomes  
**Attachment Ten**  
Employee Relations Legislative Bulletin





# Employee Relations Legislative Bulletin

## 2015-16 LEGISLATIVE SESSION

For more information, contact Faith Conley at 916/650-8117 or email [fconley@counties.org](mailto:fconley@counties.org).

### Final 2015 Outcomes

#### Subject Area Key:

**BA** – Brown Act

**C** - Compensation

**CB** – Collective Bargaining

**DA** – Disabled Access

**ER** – Employee Rights

**H** – Hospitals

**HB** – Health Benefits

**IHSS** – In Home Supportive Services

**Imm** – Immigration

**O** – Other

**PRA** – Public Records Act

**PubW** – Public Works Projects

**PS** – Public Safety

**PW** – Prevailing Wage

**RB** – Retirement Benefits

**WC** – Workers’ Compensation

**WH** – Work Hours

**Vets** – Veterans

Bill No.	Area	Author	Description	CSAC Position	Status
<b>AB 11</b>	<b>IHSS</b>	<b>Gonzalez</b>	<b>As amended 3/11/15:</b> would require mandatory paid sick leave for IHSS workers.	Pending	Assembly Approps <b>2-year bill</b>
<b>AB 67</b>	<b>ER</b>	<b>Gonzalez</b>	<b>As amended 6/3/15:</b> Enacts the Double Pay on the Holiday Act of 2015 that would require an employer to pay at least 2 times the regular rate of pay to an employee for work on a family holiday, except for certain types of employees.	Pending	Inactive File <b>2-year bill</b>
<b>AB 211</b>	<b>IHSS</b>	<b>Gomez</b>	<b>As introduced 2/2/15:</b> requires IHSS to assume employer responsibility for collective bargaining in the counties effective January 1, 2016. Removes existing limit to 7 counties.	Watch	Inactive File <b>2-year bill</b>

AB 219	PW	Daly	As chaptered 10/10/15: would expand the definition of “public works,” for purposes of prevailing wage payment to include the hauling and delivery of ready-mixed concrete with respect to contracts involving any state agency or any political subdivision of the state.	Oppose	Chaptered
AB 241	RB	Gordon	As amended 4/29/15: would require local public entity to provide name and address of retired employees to any organization representing retired employees in a neutral eval process, declaration of fiscal emergency or a bankruptcy proceeding.	Watch	Assembly Approps <b>2-year bill</b>
AB 247	PS	Waldron	As amended 3/24/15: would require every person appointed as an animal control officer prior to 7/1/16 to complete a course in the exercise of powers of arrest and to serve warrants no later than 1/1/17. Would require every person appointed as an ACO and everyone appointed as a director, manager or supervisor or any person in direct control of an animal control agency to complete a course in the exercise of powers of arrest and to serve warrants.	Concerns	Assembly Approps <b>2 year bill</b>
AB 251	PW	Levine	As amended 7/8/15: provides that a public subsidy is de minimis if both less than \$250K and less than 2% of total project cost.	Watch	Vetoed

AB 259	O	Dababneh	As introduced on 2/9/15: would require an agency, if the agency was the source of the breach and the breach compromised a person's social security number, driver's license number, or California identification card number, to offer to provide the person with identity theft prevention and mitigation services at no cost for not less than 12 months	Oppose Unless Amended	Assembly Approps 2-year bill
AB 272	CB/PS	Lackey	As amended 4/15/15: expands FEHA protections to reserve or auxiliary peace officers.	Oppose	Vetoed
AB 295	ER	Gipson	As introduced on 2/12/15: would require public agency if it becomes successor employer to a private employer that offers emergency med trans services, to immediately recognize a new bargaining unit consisting of the employees of the predecessor private employer.	Watch	A. P.E.R. & S.S. 2-year bill
AB 304	ER	Gonzalez	As chaptered 7/13/15: AB 1522 sick leave cleanup bill.	Support	Chaptered
AB 305	WC	Gonzalez	As amended 9/3/15: prohibits apportionment of PD from being based on pregnancy, menopause or osteoporosis; also prohibits apportionment of permanent disability in the case of psychiatric injuries caused by sexual harassment, pregnancy, menopause, or osteoporosis casually related to menopause.	Oppose	Vetoed
AB 327	PW	Gordon	As chaptered 7/6/15: deletes sunset on CA Conservation Corp members, volunteers and volunteer coordinators from prevailing wage.	Support	Chaptered

<b>AB 334</b>	<b>PS</b>	<b>Cooley</b>	<b>As amended 4/7/15:</b> would require POST to ensure profiling of motorcycle riders addressed in basic law enforcement training and all local law enforcement agencies to adopt a written policy designed to condemn and prevent profiling of motorcycle riders.	Watch	Assembly Approps. <b>2-year bill</b>
<b>AB 373</b>	<b>PS</b>	<b>Medina</b>	<b>As introduced on 2/17/15:</b> would require heads of law enforcement agencies to assess jurisdiction to determine if any Indian tribal lands are within jurisdiction and ensure peace officers in those jurisdictions complete a course including a review of PL-280.	Pending	Assembly Approps. <b>2-year bill</b>
<b>AB 438</b>	<b>IHSS</b>	<b>Chiu</b>	<b>As chaptered 10/6/15:</b> requires DIR/DWC to provide WC benefit notices in Vietnamese, Tagalog & Chinese.	Watch	<b>Chaptered</b>
<b>AB 470</b>	<b>IHSS</b>	<b>Chu</b>	<b>As amended 6/1/15:</b> requires DOJ and DSS to develop protocols to expedite the processing of criminal record checks for IHSS.	Watch	Human Services <b>2-year bill</b>
<b>AB 511</b>	<b>WC</b>	<b>Gipson</b>	<b>As amended 4/20/15:</b> expands eligibility for special workers' compensation benefits currently only available to certain categories of peace officers.	<b>Oppose</b>	Assembly Approps. <b>2-year bill</b>
<b>AB 537</b>	<b>RB</b>	<b>Allen</b>	<b>As introduced 2/23/15:</b> prohibits public agency or employee from entering into MOU providing retiree health care benefits without a strategy for permanently prefunding those benefits.	Pending	Assembly / P.E.R., S.S. <b>2-year bill</b>

AB 546	PS	Gonzalez	<b>As chaptered on 8/13/15:</b> requires POST to deem an identifiable and unmet need for a training course when evaluating a certification request from a probation department.	Watch	<b>Chaptered</b>
AB 578	ER	Low	<b>As amended 4/13/15:</b> requires employer to give notice to workers who will be affected by a temporary order granting a variance from an OSHA standard if employees may be affected by or exposed to hazards by that variance.	Watch	<b>Vetoed</b>
AB 588	O	Grove	<b>As introduced on 2/24/15:</b> would provide employer with right to cure certain violations under PAGA before employee can bring a civil action.	Watch	A. L.&E. <b>2-year bill</b>
AB 622	ER	Hernandez	<b>As chaptered 10/9/15:</b> expands definition of unlawful employment practice to prohibit employer from using E-Verify at a time or in a way not required or authorized by federal law or MOU, including in situations where an applicant has not yet received an offer of employment.	Watch	<b>Chaptered</b>
AB 651	PS	Cooper	<b>As amended 4/9/15:</b> authorizes employing public agency to grant right of representation to a FF or public safety officer if an interview regarding the investigation of another FF or public safety officer if interview is likely to result in punitive action against the FF or officer who is not formally under investigation.	<b>Oppose</b>	Senate Pub. Safety <b>2-year bill</b>
AB 663	RB	Irwin	<b>As chaptered 7/2/15:</b> would allow Ventura County to appoint an alternate member of its CERL retirement board.	Watch	<b>Chaptered</b>

AB 671	PS	Medina	As introduced on 2/25/15: would state intent of Legislature to enact legislation authorizing county deputy coroners to become full time peace officers.	Pending	Print 2-year bill
AB 676	ER	Calderon	As amended 9/8/15: would prohibit an employer from asking applicant for employment to disclose information concerning applicant's current employment status and would prohibit ads or announcements for jobs that indicate an unemployed person is not eligible.	No Position	Vetoed
AB 883	ER	Low	As amended 9/4/15: prohibits state or local agencies from publishing or posting a job ad or announcement that states that an individual's status as a current or former employee disqualifies an individual from eligibility for employment.	Dropped Opposition	Vetoed
AB 970	W	Nazarian	As chaptered 10/11/15: authorizes Labor Commissioner to enforce local laws regarding overtime or minimum wage, and to issue citations and penalties for violations unless the local entity has already done so.	Watch	Chaptered
AB 984	ER	Calderon	As amended 3/26/15: prohibits employer from using information regarding a person's age when making any employment decision regarding that person.	Pending	Assembly Approps. 2-year bill

AB 987	ER	Levine	As chaptered 7/16/15: would prohibit an employer or other covered entity from retaliating or discriminating against a person for requesting accommodation of his or her disability or religious beliefs regardless of whether the accommodation request was granted.	Watch	Chaptered
AB 992	RB	PERSS Committee	As chaptered 7/2/15: specifies that a member who applies for disability and is granted a service retirement pending a determination of disability may change the type of allowance that s(he) elected at the time of the service retirement.	Watch	Chaptered
AB 1007	W	McCarty	As amended 3/26/15: sets the minimum wage on and after January 1, 2016, at the amount necessary to keep a family of 3 above the supplemental poverty level.	Watch	Assembly L.&E. 2-year bill
AB 1017	ER	Campos	As amended 8/24/15: prohibits an employer, orally or in writing, from seeking salary history information, including compensation and benefits, from an applicant for an interview or as a condition of employment; prohibits an employer from releasing the salary history of any current or former employee to any prospective employer in response to a request, as part of an interview or hiring process, without written authorization from the current or former employee.	Concerns	Vetoed

<b>AB 1031</b>	<b>RB</b>	<b>Thurmond</b>	<b>As amended 6/22/15:</b> would specify that a contracting agency that has elected to be subject to PEMHCA is required to fulfill its employer contribution obligations for health benefits, including reimbursement for Medicare Part B premiums.	Dropped opposition/neutral	<b>Vetoed</b>
<b>AB 1038</b>	<b>WH</b>	<b>Jones</b>	<b>As introduced 2/26/15:</b> permits a nonexempt employee to request a flexible work schedule (10-hours, 4 days per week) and would allow an employer to implement this schedule without the obligation to pay overtime.	Pending	Assembly L.&E. <b>2-year bill</b>
<b>AB 1052</b>	<b>RB</b>	<b>Cooley</b>	<b>As amended 8/17/15:</b> would specify that STRS and CalPERS is authorized to enter into agreements for the investment of the fund to manage the assets of the fund under the terms and utilizing the processes the board deems necessary and consistent with its fiduciary duties.	Pending	Senate Desk <b>2-year bill</b>
<b>AB 1065</b>	<b>ER</b>	<b>Chiu</b>	<b>As amended 4/15/15:</b> would make it an unlawful employment practice for an employer to request more or different documents than are required under fed law relating to verification that an individual is not an unauthorized alien.	Pending	Assembly Approps. <b>2-year bill</b>
<b>AB 1124</b>	<b>WC</b>	<b>Perea</b>	<b>As chaptered 10/6/15:</b> would require DWC Admin Director to establish an outpatient drug formulary for prescribing medications.	<b>Support</b>	<b>Chaptered</b>



AB 1154	PRA	Gray	As amended 4/23/15: would provide that PRA shall not be construed to require disclosure of home addresses and phone numbers of applicants for firearms or of licensees for firearms.	Pending	Assembly Public Safety <b>2-year bill</b>
AB 1168	PS	Salas	As chaptered 8/13/15: would, until January 1, 2019, exempt a custodial peace officer that does not become employed within 3 years of passing the examination or who has a 3-year + break in service, from requirement to retake the exam if s(he) has been continuously employed as a custodial peace officer of that class for a period not exceeding 5 years by the agency making the appointment.	Watch	<b>Chaptered</b>
AB 1170	WC	Alejo	As introduced on 2/27/15: creates the Pilot Program for the Care of Agricultural Workers; would require DIR to evaluate amount spent by agricultural employers on workers' comp and the amount spent on workers' comp medical coverage.	Pending	Assembly Insurance <b>2-year bill</b>
AB 1215	O	Ting	As amended 3/26/15: creates a position of Chief Data Officer, who would establish the Open Data Standard and require state agencies to make public data available on a web portal.	Pending	Assembly Approps <b>2-year bill</b>
AB 1227	PS	Cooper	As amended 3/26/15: requires POST to assess all training courses on interactions with persons with mental illnesses or developmental disabilities.	Watch	Assembly Approps <b>2-year bill</b>

<b>AB 1245</b>	<b>O</b>	<b>Cooley</b>	<b>As chaptered 8/17/15:</b> would require an employer with 10+ employees to file all reports and returns electronically and remit contributions for UI premiums by EFT, beginning 1/1/17. The electronic filing and EFT requirements would extend to all employers beginning 1/1/18. Would authorize the granting of a waiver from these requirements.	Watch	<b>Chaptered</b>
<b>AB 1246</b>	<b>PS</b>	<b>Quirk</b>	<b>As amended 3/26/15:</b> would prohibit disclosure of a recording from a body worn camera except to person whose image is recorded.	Pending	Assembly Public Safety <b>2-year bill</b>
<b>AB 1410</b>	<b>RB</b>	<b>Nazarian</b>	<b>As introduced on 2/27/15:</b> would prohibit PERS and STRS from investing public employee retirement funds in a Turkish investment vehicle.	Watch	Assembly Approps. <b>2-year bill</b>
<b>AB 1418</b>	<b>IHSS</b>	<b>Gipson</b>	<b>As introduced on 2/27/15:</b> states the intent of Legislature to enact legislation that would improve the economic security of IHSS program providers.	Pending	Print <b>2-year bill</b>
<b>AB 1497</b>	<b>PS</b>	<b>Chau</b>	<b>As introduced 2/27/15:</b> states intent to require law enforcement agencies to develop written policies related to use of deadly force by peace officers.	Pending	Print <b>2-year bill</b>
<b>ACA 3</b>	<b>CB</b>	<b>Gallagher</b>	<b>As introduced 2/26/15:</b> would require any enhancement to public employee's retirement formula or benefit adopted on or after effective date of this measure to apply only to service performed on and after this date.	Pending	<b>A. P.E.R., S.S.</b> Reconsid. granted

<b>SB 3</b>	<b>W</b>	<b>Leno</b>	<b>As amended 3/11/15:</b> increases the minimum wage, on and after January 1, 2016, to not less than \$11 per hour, on and after July 1, 2017, to not less than \$13 per hour. Beginning January 1, 2019, minimum wage would be automatically adjusted using CPI.	Pending	Assembly Approps. Suspense <b>2-year bill</b>
<b>SB 11</b>	<b>PS</b>	<b>Beall</b>	<b>As chaptered 10/3/15:</b> requires POST to review the training module relating to persons with a mental illness, intellectual disability, or substance abuse disorder and develop additional training to better prepare law enforcement officers to recognize, deescalate, and appropriately respond to this population.	Watch	<b>Chaptered</b>
<b>SB 29</b>	<b>PS</b>	<b>Beall</b>	<b>As chaptered 10/3/15:</b> requires POST to require field training officers to complete 8 hours of crisis intervention training related to behavioral health. Also requires POST to require at least 4 hours of training related to how to interact with persons with mental illness or intellectual disability.	Watch	<b>Chaptered</b>
<b>SB 216</b>	<b>RB</b>	<b>Pan</b>	<b>As chaptered 9/2/15:</b> would repeal provisions directing CalPERS Board to invest not less than 25% of all funds available in a fiscal year for new investments in specified obligations and securities connected with residential realty.	Watch	<b>Chaptered</b>

<b>SB 237</b>	<b>PS</b>	<b>Anderson</b>	<b>As introduced 2/17/15:</b> would require every person appointed as an animal control officer prior to July 1, 2016 to complete a course in the exercise of powers of arrest and to serve warrants no later than July 1, 2017. Would require every person appointed as an ACO and everyone appointed as a director, manager or supervisor or any person in direct control of an animal control agency to complete a course in the exercise of powers of arrest and to serve warrants.	<b>Concerns</b>	Senate Approps <b>2-year bill</b>
<b>SB 239</b>	<b>O</b>	<b>Hertzberg</b>	<b>As chaptered 10/10/15:</b> Requires public agencies to get approval from LAFCO before contracting for new or extended fire protection services beyond current service area. Also requires notification of affected public agencies and recognized employee organizations that represent firefighters.	<b>Oppose</b>	<b>Chaptered</b>
<b>SB 272</b>	<b>O</b>	<b>Hertzberg</b>	<b>As chaptered 10/11/15:</b> requires inventory of data gathered by local agencies that discloses what data is maintained by agency to be available to the public.	Dropped Opposition/ Neutral	<b>Chaptered</b>

SB 292	RB	Pan	As amended 6/25/15: exempts city or county that pays pension costs with revenue from property tax rate, approved by voters of a city or county to make payments in support of pension programs and levied in addition to general prop tax rate, and its employees from a specified describer prohibition on employer payment of employee contribution rate provision under PEPRRA.	Watch	Vetoed
SB 331	CB	Mendoza	As chaptered 10/9/15: requires public entities with COIN ordinances to go through certain procedures for the negotiation and approval of contracts \$250K or more.	Oppose	Chaptered
SB 358	W	Jackson	As chaptered 10/6/15: prohibits an employer from paying any of its employees at wage rates less than those paid to the employees of the opposite sex for substantially similar work.	Neutral	Chaptered
SB 406	ER	Jackson	As amended 9/4/15: revises law related to parental leave and makes changes to the size of employers that would qualify for the small business exemption	Oppose	Vetoed
SB 542	WC	Mendoza	As chaptered 10/6/15: clarifies that independent medical reviews are medical provider network independent medical reviews.	Watch	Chaptered

SB 563	WC	Pan	As amended 4/30/15: requires that the method of compensation and any incentive payments contingent upon approval, modification or denial of a claim for an individual or entity providing services pursuant to workers' comp UR process be filed with DWC and disclosed to employees, physicians and public upon request.	Oppose	Senate Approps <b>2-year bill</b>
SB 579	ER	Jackson	As chaptered 10/11/15: allows paid sick leave for employees to use to address a childcare or school emergency, or to enroll their children in child care or school.	Neutral	Chaptered
SB 585	WC	Leyva	As amended 7/2/15: would require Department of Child Support to facilitate a system using automated data exchanges through which an insurer or a self-insurer to report, prior to payment of a claim, identifying information for each claimant to match a claimant who owes past due support.	Watch	Assembly Insurance <b>2-year bill</b>
SB 604	WC	Hall	As introduced on 2/27/15: would amend existing law to clarify that self-insured government entities are not liable for the workers' compensation benefits for employees of contracted temporary service agencies whose insurer becomes insolvent, but rather that those liabilities are covered by the California Insurance Guarantee Association.	Support	Senate Insurance <b>2-year bill</b>

<b>SB 623</b>	<b>O</b>	<b>Lara</b>	<b>As chaptered 9/9/15:</b> would provide that a person shall not be excluded from receiving benefits under the Uninsured Employers Fund or the Subsequent Injuries Benefits Trust Fund based on citizenship or immigration status.	Watch	<b>Chaptered</b>
<b>SB 735</b>	<b>PS</b>	<b>Galgiani</b>	<b>As introduced on 2/27/15:</b> would establish the Postretirement Law Enforcement Officer Cold Case Grant program to fund the hiring of retired law enforcement officers to work on unsolved cases; program would be administered by DOJ.	Watch	Senate P.E.R.

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2015 Legislative Session Key Outcomes  
**Attachment Eleven**  
Revenue and Taxation Legislative Bulletin





## ***Revenue and Taxation Legislative Bulletin***

### **2015 Legislative Session Outcomes**

The following bills reflect CSAC advocacy efforts in the 2015 legislative session for Government Finance and Operations/Revenue and Taxation legislation. More information, including position letters and summaries, is available at [www.counties.org/legislative-tracking](http://www.counties.org/legislative-tracking) or please contact Dorothy Holzem, Legislative Representative, at (916) 327-7500, ext 515, or [dholzem@counties.org](mailto:dholzem@counties.org) or Betsy Hammer, Legislative Analyst, at (916) 327-7500, ext 531 or [bhammer@counties.org](mailto:bhammer@counties.org).

<b>MEASURE</b>	<b>ISSUE</b>	<b>BRIEF SUMMARY</b>	<b>POSITION</b>
<b>STATUS: CHAPTERED</b>			
<b>AB 3 (Williams)</b>	<b>Isla Vista Community Services District</b>	Creates a new community services district in Santa Barbara County that relies on voter approval and maintains the authority of the Local Agency Formation Commission (LAFCo).	<b>Neutral</b>
<b>AB 279 (Dodd)</b>	<b>Franchise Tax Board Disclosure of Information</b>	Allows counties to enter into a data sharing agreement with the State Franchise Tax Board to more efficiently collect back-taxes owed by licensed businesses, replicating the authority already given to cities.	<b>Support</b>
<b>AB 313 (Atkins)</b>	<b>Enhanced Infrastructure Financing Districts</b>	Clarifies current enhanced infrastructure finance district (EIFD) governance structure and provides requirements for relocating affordable housing impacted by an EIFD project.	<b>Support</b>
<b>AB 341 (Achadjian)</b>	<b>Financial Affairs Reporting</b>	Adjusts the timeframe for local agencies to submit annual mandated financial transaction reports and compensation data to the State Controller's Office to better accommodate local agency audits and IRS timelines.	<b>Support</b>
<b>AB 363 (Steinorth)</b>	<b>Closing of the Polls</b>	Authorizes county elections officials, on election day, to begin counting and processing polling place ballots during the day, instead of waiting until the closing of the polls, to expedite tallying and reduce overtime costs.	<b>Support</b>
<b>AB 661 (Mathis)</b>	<b>Real Estate Instruments</b>	Clarifies language related to real estate instruments to clarify which documents should or should not have the Real Estate Fraud Prosecution Trust Fund fee applied to them.	<b>Support</b>
<b>AB 823 (Bigelow)</b>	<b>Ordinance Publication</b>	Allows counties to meet publication requirements for proposed ordinances or amendments to existing ordinances by posting them online to the county's website in lieu of a hard copy posting at the county office.	<b>Support</b>

<b>AB 851 (Mayes)</b>	<b>City Disincorporation through LAFCO</b>	Updates the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 related to the disincorporation of a city to reflect current governance regulations and taxation restrictions and avoid unanticipated or unfunded service demands. Maintains LAFCO's role as the lead in the disincorporation process and upholds refusal authority of successor service provider agencies.	<b>Support</b>
<b>AB 1157 (Nazarian)</b>	<b>Commercial Air Carrier Property Tax Assessments</b>	Extends the sunset on the current lead-county system for commercial air carrier property assessment by one year, until December 1, 2016.	<b>Support</b>
<b>AB 1262 (Wood)</b>	<b>California Advanced Services Fund</b>	Appropriates \$5 million from the California Advanced Services Fund to the Rural and Urban Regional Broadband Consortia Grant Account to support high-speed internet access and adoption.	<b>Support</b>
<b>SB 181, 182, 183 (Committee on Governance and Finance)</b>	<b>Local Government Validation Acts</b>	Validates the organization, boundaries, acts, proceedings, and bonds of the state government, counties, cities, special districts, and school districts, among other public bodies through correcting minor errors or omissions contained in those documents.	<b>Support</b>
<b>SB 184 (Committee on Governance and Finance)</b>	<b>Local Government Omnibus Bill</b>	Clarifies the use of the word "auditor" in the Health and Safety Codes to make it clear that fees and charges related to sanitation and sewage charges must be submitted to the <i>county</i> auditor, who in turn must add them to the current assessment roll.	<b>Support</b>
<b>SB 705 (Hill)</b>	<b>Transactions and Use Taxes</b>	Allows voters in the Counties of Monterey and San Mateo the opportunity to vote to allow the combined transactions and use tax rate to exceed the current two percent ceiling to fund specified projects.	<b>Support</b>
<b>STATUS: VETOED</b>			
<b>AB 88 (Gomez)</b>	<b>Sales and Use Tax Exemption – Energy Efficient Appliances</b>	Would have exempted from state and local sales and use taxes an energy or water efficient home appliance purchased by a public utility that is provided at no cost to a low-income participant in a state, or ratepayer-funded energy efficiency program. Could have resulted in millions of dollars of lost revenue, including potential a portion of the dedicated share of 2011 realignment dollars.	<b>Oppose</b>

<b>AB 464 (Mullin)</b>	<b>Transactions and Use Taxes</b>	Would have raised the combined local transaction and use tax rate cap from 2% to 3% to fund local programs and services for all counties. <i>Note: The Governor signed a narrower version of this measure, SB 705 (Hill).</i>	<b>Support</b>
<b>AB 1301 (Jones-Sawyer)</b>	<b>Voting Preclearance</b>	Would have established a state-level preclearance system for voting. Under this system, certain political subdivisions would be required to receive prior approval from the Secretary of State before enacting or administering a voting related law, regulation, or policy.	<b>Neutral</b>
<b>SB 25 (Roth)</b>	<b>Vehicle License Fee Adjustments</b>	Would have provided a vehicle license fee (VLF) adjustment amount for California's newest cities impacted by the SB 89 (2011) calculations, ensuring those cities' continued viability. <i>Note: The Governor signed SB 107, which provided some fiscal relief to these cities and the county.</i>	<b>Support</b>
<b>STATUS: TWO-YEAR BILL/FAILED PASSAGE</b>			
<b>AB 280 (Brown)</b>	<b>Small Claims Court Jurisdiction</b>	Gives local agencies access to small claims court if the amount of the demand does not exceed \$10,000. Also eliminates a provision relating to the transfer of small claims actions where the opposing party is represented by counsel. Last location: Senate Judiciary Committee	<b>Support</b>
<b>AB 440 (Alejo)</b>	<b>San Benito County Property Tax Allocations</b>	Provides education relief augmentation fund (ERAF) corrections for the County of San Benito. Last location: Assembly Appropriations Committee – <i>Note: The Governor signed SB 107, which included this provision.</i>	<b>Support</b>
<b>AB 587 (Chau)</b>	<b>Mobilehome Property Assessments</b>	Creates an amnesty program for mobilehome owners' owing property tax if certain conditions apply. Reassigns mobilehome registration and title transfer to the Department of Motor Vehicles, from the Department of Housing and Community Development. Last location: Senate Housing and Transportation Committee	<b>Pending</b>
<b>AB 717 (Gonzalez)</b>	<b>Sales Tax Exemptions on Diapers</b>	Provides a state and local sales and use tax exemption on toddler-sized diapers, resulting in a total loss of \$36 million annually. Last location: Assembly Appropriations Committee	<b>Oppose Unless Amended</b>
<b>AB 800 (Gomez)</b>	<b>Vote by Mail Ballots</b>	Requires vote by mail ballots to include a postage-paid return envelope. Estimated county postage costs for the 2014 general election would have been approximately \$2.6 million statewide. Last location: Assembly Appropriations Committee	<b>Oppose</b>

<b>AB 971 (Chang)</b>	<b>Reimbursement for Special Elections</b>	Requires the state to reimburse counties for expenses directly related to special elections called to fill a state legislative or congressional vacancy. Last location: Assembly Appropriations Committee	<b>Support</b>
<b>AB 974 (Bloom)</b>	<b>Redevelopment Bond Proceeds</b>	Authorizes a successor housing entity to designate the use of, and commit, proceeds from indebtedness that was issued by a redevelopment agency prior to June 28, 2011 and would require the proceeds from bonds issued between January 1, 2011 and June 28, 2011 to be used for certain specified projects, rather than redistributing those funds to impacted taxing entities (including counties). Last location: Senate Floor – <i>Note: The Governor signed SB 107, which contains a more acceptable version of this bill’s intended outcomes.</i>	<b>Oppose</b>
<b>AB 113 (Committee on Budget)</b>	<b>RDA Dissolution and Local Government Fiscal Relief</b>	Omnibus local government budget trailer bill that includes RDA dissolution language and local government fiscal relief provisions related to negative bailout, education relief augmentation fund (ERAF) corrections, debt assistance for California’s newest cities, and tax equity allocation agreements. Last location: Senate Budget Committee – <i>Note: The Governor signed SB 107, which included the same local government fiscal relief measures and similar RDA dissolution provisions.</i>	<b>Support</b>
<b>AB 1220 (Harper)</b>	<b>Transient Occupancy Taxes on Residential Short-Term Rentals</b>	Prohibits counties and cities from levying transient occupancy taxes on short-term vacation rentals, defined as residential units leased by private parties for compensation for a term of less than 90 days. Last location: Assembly Local Government Committee	<b>Oppose</b>
<b>SB 49 (Runner)</b>	<b>Special Elections</b>	Allows the Secretary of State of Governor to declare a candidate as “elected” prior to the election date if only one candidate has qualified to be placed on the official ballot for a primary or general special election.	<b>Support</b>
<b>SB 434 (Allen)</b>	<b>Manufactured Housing Tax Classification</b>	Allows a county assessor to switch a mobilehome from the vehicle license fee system to the property assessment system if improvements to the mobilehome have left only the original chassis in place. Last location: Assembly Housing and Community Development Association	<b>Support</b>
<b>SB 450 (Allen)</b>	<b>Elections System Reform</b>	Overhauls the California election system to the “Colorado Model.” Provisions include allowing counties to opt-in to a voting system that relies on all-mail ballots and voting centers, offering multiple days of in-person voting in addition to the vote-by-mail option. Last location: Assembly Elections and Redistricting Committee	<b>Support</b>

<b>SB 593 (McGuire)</b>	<b>Transient Occupancy Tax on Residential Hosting Platform Units</b>	Authorizes local agencies to adopt an ordinance to require online residential hosting platforms, such as AirBnB, to report specific information to the local agency to facilitate TOT collection. Establishes a fine or penalty for a platform that does not comply with local ordinances prohibiting such rentals. Last location: Senate Floor	<b>Support</b>
<b>SB 661 (Hill)</b>	<b>Assessment of Commercial Air Carrier Personal Property</b>	Transfers the authority to perform property tax assessments on commercial air carrier-owned property from county assessors to the State Board of Equalization. Last location: Senate Appropriations Committee	<b>Oppose</b>
<b>SCA 8 (Mendoza)</b>	<b>Board of Supervisors Structure</b>	Places a statewide ballot measure before voters that would require counties with populations over two million following the 2020 census to expand their Boards of Supervisors from five to seven or more supervisorial districts. Caps spending for supervisor staff and resources at 2021 spending levels. Last location: Senate Floor	<b>Oppose Unless Amended</b>

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2016 GF&O Committee Policy Priorities  
**Attachment Twelve**  
GF&O Year in Review and 2016 Policy Priorities



November 17, 2015

To: CSAC Government Finance and Operations Policy Committee

From: Faith Conley, Legislative Representative  
Dorothy Holzem, Legislative Representative  
Betsy Hammer, Legislative Analyst

Re: **GF&O Year in Review and 2016 Policy Priorities**

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## 2015 Year in Review

**Effectiveness Enhanced through Member Engagement Tools.** Our direct advocacy efforts were enhanced this year through a variety of platforms that directly connect CSAC with our members, the media and the public. Online, CSAC's blogs and Bulletin articles were picked up by outside news outlets and our Twitter feed reached millions of people. We have also started a webinar series that explores and explains complex issues such as a pending broadband and telecommunications merger and open data issues. Using these tools has increased our reach and effectiveness and will continue to do so in the coming years as we advocate as the united voice for California's 58 counties.

## Revenue and Taxation

**Pre-2004 Mandate Debt Plus Interest Paid in Full – \$583 Million for Counties.** The state completed the repayment of its pre-2004 mandate debt, making counties and other local agencies whole for services rendered. The payments to counties for principal and interest total \$583.3 million, building on the \$100 million (\$77 million of it for counties) allocated last fall for pre-2004 mandate debt. This was a top priority for CSAC in the last two budget cycles.

In addition, counties were reimbursed for initial California Public Records Act (PRA) mandate compliance totaling \$9.6 million statewide for all local agencies. An additional payment for the remaining debt payment is anticipated in the 2016-17 budget following CSAC and local government association partner agency advocacy efforts. CSAC continued to be an active stakeholder before the Commission on State Mandates to ensure opportunities for county reimbursement were fully pursued despite the complicated, intricate process.

**Redevelopment Dissolution. Senate Bill 107 (Committee on Budget)** served as the culmination of the Administration's efforts this year to continue the unwinding of redevelopment agencies and remove the state from the daily management of successor agencies and oversight boards. Of great importance to counties, SB 107 included numerous "fiscal relief" provisions that addressed long-standing, complex funding agreements between the State and specific counties. In many ways, it served as an

omnibus package reflecting numerous CSAC positions on individual legislation. CSAC advocated for SB 107 and the earlier version introduced as budget trailer bill AB 113.

Both measures provided for:

- Ending Negative Bailout in four counties; Stanislaus, Trinity, Lassen and Plumas, which represented several million dollars of lost property tax revenues annually.
- ERAF calculation error forgiveness for San Benito County, building on CSAC's support for **AB 440 (Alejo)**.
- Debt relief for Riverside County, building on CSAC's support for **SB 25 (Roth)**.
- Tax equity allocation corrective action for Santa Clara County municipalities.

Specifically related to RDA dissolution, SB 107 provided a more moderate approach to the expenditure of "mardi gras" bond proceeds, or those bonds issued in early 2011 following the Governor's RDA dissolution announcement. CSAC opposed **AB 974 (Bloom)** which would have allowed the successor agencies to commit remaining proceeds from non-housing and housing redevelopment bonds issued in early 2011 during the "mardi gras" period. This would have resulted in nearly \$2 billion being diverted away from counties, cities, special districts and schools. AB 974 was held on the Senate Floor.

Department of Finance (DOF) estimates, pursuant to changes implemented by SB 107 and consistent with the main budget legislation, that in 2014-15 and 2015-16 combined, counties will receive an additional \$660 million. For the period through 2018-19, the Administration expects counties to receive \$3.5 billion. To date, approximately \$1.6 billion in property tax revenue has been returned to counties since FY 2011-12.

**Local Tax Authority and New Tax Reform Efforts.** The Democrats lost their powerful supermajority briefly held last session following the November 2014 election, which was a critical component to secure lower voter thresholds on locally approve taxes and fees authority. Efforts this year made no significant progress. However, the focus turned to several proposals that CSAC engaged in as a key stakeholder. This included reforms involving commercial property tax assessment systems and the creation of a statewide service tax to backfill the loss of sales and use tax as the state and nation shift away from a goods-based economy and towards a service-based economy. Given the dramatic shift proposed by the new tax models, these changes will likely take significant time to finalize and seek either Legislative or voter approval.

Also related to tax authority, CSAC supported **SB 593 (McGuire)** that sought to uphold county and city authority to levy and collect transient occupancy tax on online short-term vacation rentals, like those hosted by Airbnb. In addition, the bill reinforced county bans on these types of lodging units. This is a two-year effort with a growing, diverse coalition that will work with Senator McGuire next year to bring the bill to the Governor's desk, despite staunch opposition from the online vacation rental industry.

CSAC was also successful in opposing numerous proposals seeking to provide local and state sales and use tax exemptions, including **AB 88 (Gomez)** and **AB 717 (Gonzalez)**. While many of the bills were well-intended, the erosion of this important revenue source for county programs was unacceptable.



**SCA 8 Rebuffed, Keeping Local Governance Decisions Local.** CSAC successfully opposed **SCA 8 (Mendoza)**, which, if approved in a statewide vote, would have required counties with over two million residents to expand their Boards of Supervisors from five to seven or more members. The requirement would have applied to general law and charter counties, overriding existing local authority. SCA 8 failed passage on the Senate Floor.

## **Employee Relations**

**CalPERS' Risk Mitigation Changes.** CSAC worked closely with the California Public Employees' Retirement System (CalPERS) to determine a risk mitigation strategy to ensure sustainability of the fund in the midst of looming contribution rate volatility and possible poor investment returns. CSAC promoted the Association's position of supporting a sustainable fund and more stable contribution rates while voicing concern regarding the effects of any rate increases on county budgets. The CalPERS Board of Administration (Board) was presented with options on a risk mitigation strategy (flexible path or blended path). Upon the proposal by CalPERS staff to implement a strategy that would slowly reduce its discount rate over a fixed time period with reductions triggered by good investment returns (specifically, if the returns are four percent over the discount rate), the CalPERS' Board of Administration (Board) asked staff to amend the proposal to reflect how the fund would be affected should the risk mitigation occur upon returns hitting only two percent above the discount rate. While CSAC did not take a position on the adoption of either (historically, CSAC has urged CalPERS' to pursue lowering its current discount rate), the CalPERS Board will most likely make a final decision in late 2015. The original proposal can be viewed at <https://www.calpers.ca.gov/docs/board-agendas/201510/financeadmin/item-10b-01.pdf>.

**Costly Employment Bills Tempered.** CSAC achieved a veto by the Governor on a Fair Employment and Housing Act expansion bill, **AB 272 (Lackey)**, and lobbied legislators and staff on achieving a veto on a gross expansion of the California Family Rights Act, **SB 406 (Jackson)**. CSAC also worked with Senator Hannah-Beth Jackson on her **SB 358**, related to gender pay equity, to suggest amendments that were taken and moved CSAC to a neutral position on the legislation.

CSAC is also working with county-level and National Association of Counties (NACo) staff to address various regulations proposed by the Internal Revenue Service (Affordable Care Act excise tax on employers) as well as the United States Department of Labor (changes to the Fair Labor Standards Act).

**Goals of Workers' Compensation Reform Upheld.** CSAC continues to maintain active participation in implementing the reforms included in SB 863 (Chapter 363, Statutes of 2012), by commenting with a coalition on various implementation regulations proposed by the Department of Industrial Relations. Additionally, CSAC opposed several bills that would roll back savings achieved by the 2012 reforms and raise costs in the workers' compensation system. CSAC has become the leading voice of local government agencies on workers' compensation policy at the state level and achieved a veto on **AB 305 (Gonzalez)**, which would have prohibited the apportionment of permanent disability for industrial injuries from being based on pregnancy,

breast cancer and menopause. CSAC was also successful in placing a large fiscal price tag on the bill from the state's Department of Finance. **AB 511 (Gipson)** would increase the number of peace officers eligible for several workers' compensation presumptions, thereby increasing costs of workers' compensation benefits for those employees. CSAC was instrumental in ensuring AB 511 was held in its respective Appropriations Committee.

**Public Contract Threats Mitigated. AB 219 (Daly)** would require the payment of prevailing wage on certain project product deliveries. CSAC maintained the lone voice from local government opposing this change, citing an increase in project costs at a time when our local streets and roads are in dire need of funding. CSAC was able to join forces with contractors and labor to appeal to Governor Brown, who signed the bill without a signing message to indicate the reason for his decision. **AB 552 (O'Donnell)** would have held counties liable for certain types of damages in public works projects but CSAC successfully negotiated to remove counties from the potentially harmful provisions of the bill, and Governor Brown signed the legislation.

**Last Minute Collective Bargaining Proposal Thwarted.** CSAC led a coalition of local government and school administrator associations to defeat a proposal by labor intended to preempt a United States Supreme Court decision related to agency shop fees. Upon the discovery that the Legislature and Governor were being approached with a bill to require that public agencies negotiate that recognized bargaining units can utilize 30 minutes of all new employee orientations to present on certain union-related participation issues, CSAC mobilized and met with legislators and staff in the Governor's office to ensure our concerns were heard. After a rare partnership with school employers and a concerted lobbying effort, Governor Brown alerted labor advocates that the idea would not move forward this year and that should it move forward next year, employer advocates would need to be at the table.

**Public Records/Open Data Requirements. SB 272 (Hertzberg)** would have required local governments to publicize information about their internal data systems. After several sets of amendments and the formation of a local government, public safety and social services agency coalition the bill was substantially amended to bring CSAC to a position of neutral. Governor Brown signed this legislation. **AB 259 (Dababneh)** would have required any public agency that was the source of a data breach to provide credit monitoring services to those affected. CSAC opposed this measure citing the expansiveness of the bill and the high cost implications, and AB 259 was held in the Senate Appropriations Committee. It can be expected that the issue of data, records, and privacy will continue to be a hot topic in the Legislature and CSAC will be at the negotiation table.

**Sick Leave Fix Saves Counties from Litigation and Administrative Hassle.** CSAC partnered with the California Chamber of Commerce to push for an urgent clean-up of last year's mandated paid sick leave law for all employees in California. The fix, AB 304 (Gonzalez), substantially increases employer flexibility and exempts retired annuitants. The bill reached the Governor at the last hour with an urgency clause so that it could take effect immediately, on July 13, 2015, less than two weeks after the effective date of the original paid sick leave law.

**Penalty on Elected Retirees Removed from Law.** CSAC was instrumental in working with the Legislature and Administration to reestablish an exemption for retired annuitants. With the change, retirees may serve in an elected capacity without having to reinstate and lose their ability to collect retirement benefits. PEPRA inadvertently deleted this exemption. Governor Brown signed the budget trailer bill containing this important provision earlier this year.

## **2016 Legislative Priorities**

### **Revenue and Taxation**

**Post-2004 Mandated Service Debt Repayment and Mandate Reimbursement Reform.** The secured reimbursement for pre-2004 mandated services still leaves approximately \$1.1 billion in unpaid state mandate debt for local agencies statewide. CSAC will work with the Administration to develop a pay-down plan to close out the remaining debt by the end of Governor Brown's gubernatorial term.

Furthermore, CSAC will actively work with the Administration and stakeholders to study the current mandate reimbursement system and identify potential alternatives to establish greater payment security and reduce the potential for payment backlogs on services already rendered.

### **Orderly Redevelopment Agency Dissolution and New Economic Development Tools.**

Counties are key players in the ongoing dissolution of community redevelopment agencies (RDA). CSAC is committed to assisting counties in their multiple roles as successor agency, oversight board participants, and tax administrators to ensure consistent and timely communication and coordination among the county, local stakeholders, and the state. Further, CSAC will continue to advocate against unnecessary changes to the current dissolution process in order to ensure that former tax increment revenues flow back to affected taxing entities and that former redevelopment agencies wind down in an expeditious manner.

As RDA dissolution continues, new alternatives to promote economic development have been introduced, including Enhanced Infrastructure Finance Districts and Community Revitalization and Investment Authorities. CSAC will advocate that new economic development tools are accessible and useable to interested local agencies for their intended purposes.

**Local Tax Revenue and Authority Protection.** Numerous legislative efforts this year sought to provide sales tax exemptions for various, well-intended purposes that would slowly erode an important county revenue stream. CSAC will advocate for the protection of current sales and use tax revenue streams dedicated for county public safety and health services. This includes the locally imposed sales and use tax rate as well as portions of the state share constitutionally dedicated to realignment and other county programs.

Furthermore, CSAC will uphold county authority to levy local taxes, fees or assessments, including transient occupancy taxes, as they are applied to the "shared economy" model. Housing, transportation and other goods and services offered under this model create new challenges for existing tax structures that are in place to ensure funding for adequate, accessible county services.

**Elections Reform.** California is undergoing major changes to the statewide election system to bring the costly, antiquated system into the 21<sup>st</sup> century. In 2015, significant reform efforts were made to adopt automatic voter registration, centralized voter databases, and expanded voting opportunities. As counties serve as elections administrators for the state and other local government entities, CSAC will advocate for flexibility and financial assistance in the adoption of new voting systems. In addition, CSAC will continue to advocate for fully funded elections mandates and support appropriate election cost-reduction proposals.

**Broadband Access and Adoption.** There have been recent and increasing legislative and regulatory actions related to broadband infrastructure development, funding resources, and definition of this technology. CSAC will continue to advocate for policies that recognize the diversity of county resources and needs to maximize economic development, service delivery and future investment opportunities in all 58 counties in the promotion of broadband access and adoption.

**Remote Sales Tax Legislation (Federal Priority).** CSAC will continue to advocate for federal legislation that would authorize state and local governments to require tax collection and remittance by remote sellers, including online retailers. As online sales continue to grow, local governments are losing billions of dollars in uncollected sales tax revenue.

## **Employee Relations**

**Affordable Care Excise Tax. (Federal and State Priority).** Beginning with taxable year 2018, employers will be required to pay an annual, 40 percent excise tax on the cost of health coverage for their employees that exceeds a predetermined threshold amount. The Internal Revenue Service (IRS) has released Notices of Proposed Rulemaking regarding the application and administration of the tax and CSAC has submitted comments reflecting county concerns. It is expected that regulations will be put forward in 2016 and CSAC will engage state and federal resources to ensure minimum fiscal impact to county employers and that county officials receive timely education on the imposition of the excise tax.

**Collective Bargaining.** 2016 is an election year for many seats in the Legislature, and the presence and influence of public employee unions will most likely result in proposed legislation to weaken the ability of public employers to effectively manage their workforce. A specific concern is the impending United States Supreme Court ruling in *Friedrichs v. California Teachers Association* which will determine if public employee unions can impose mandatory agency shop fees on non-members of unions. CSAC expects legislative or budget proposals that will attempt to preempt or react to a decision that favors the plaintiff; such proposals would most likely strip away employers' negotiating power and raise costs to providing benefits to employees. CSAC will remain engaged with the Legislature, Governor and labor advocates to ensure such proposals are tempered.

**Open Data/Public Records.** CSAC was successful this year in ensuring public access to open government while maintaining the ability to prioritize consumer privacy and avoid exposure to data breaches. However, the Legislature will most certainly carry forward its interest in open

data and accordingly will likely propose legislation that will impact county management of data, websites and records. CSAC will work with county information technology departments and other county staff to ensure our commitment to open government and information sharing while protecting the security of our data and preserving our authority under the California Public Rights Act.

CSAC will additionally pursue legislation that will allow counties to utilize security features aside from those currently prescribed in statute for the paper used for vital records. Current restrictions have led to vast shortages in the production of such records and CSAC, with the County Recorders Association of California, will co-lead the effort to ensure such a shortage does not occur in the future.

**CalPERS' Actuarial Separation of Court Employees.** SB 2140 (Burton), Chapter 1010, Statutes of 2000, enacted the Trial Court Employment Protection and Governance Act which requires that, in the case of a trial court located within a county contracting with PERS for retirement benefits, the trial court and the county must participate under a joint contract with PERS. This results in pooled assets and liabilities, a single employer contribution rate, and a single benefit package. Implementation of GASB Statement 68 has required full disclosure of pension liabilities on county balance sheets, and the pooling of assets and liabilities with trial court employees has resulted in the overstatement of those amounts and additional administrative work and barriers to counties practicing fiscal prudence when addressing unfunded liabilities. CSAC will work with the Judicial Council of California, counties and CalPERS to investigate a solution that will result in counties having the option of separating assets and liabilities from the state courts.

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NACo Committee Opportunities  
**Attachment Thirteen**  
Memo on NACo Committee Opportunities



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November 17, 2015

To: Members, CSAC Policy Committees

From: Legislative Representatives and Legislative Analysts, CSAC

Re: **NACo Policy Steering Committee Membership**

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**Recommendation.** This is an informational item only.

The National Association of Counties' (NACo) Policy Steering Committees play a crucial role in NACo's advocacy process. Steering Committees annually review and make recommendations on federal policy issues and legislative items that are important to the nation's counties. Through this process, the committees advise the NACo Board of Directors and voting delegates who set NACo policy each year. NACo's policy platform guides the county government message presented to the Administration, Congress, U.S. Courts, and the American public. To ensure that the California's county perspectives are well represented, CSAC encourages you to review the following information and give some thought to joining a NACo Steering Committee.

As a member of a Steering Committee, individuals may introduce policy resolutions and platform changes and vote on other proposed resolutions and platform changes within the jurisdiction of their committee. Throughout the year, committee members participate in regular conference calls and receive email updates from NACo staff to stay up to date on matters relevant to the committee's work.

California county officials wishing to serve on a NACo Policy Steering Committee must apply through CSAC. After receiving a recommendation from CSAC, NACo's President appoints members of each committee. Appointments are made after the NACo Annual Conference in July each year. Policy Steering Committee members serve one-year terms.

Please note that only eight county officials from the same state can be appointed to any one steering committee, and no more than two persons from the same county may serve on any one steering committee. This does not include NACo presidential appointments including steering committee chairs and vice chairs.

NACo maintains ten Policy Steering Committees that cover the full range of county policy issues:

- **Agriculture and Rural Affairs** – Responsible for all matters pertaining to USDA agriculture, rural development programs, rural renewable energy development, food safety, and conservation programs.
- **Community, Economic, and Workforce Development** – Responsible for all matters pertaining to housing, community and economic development, public works, and workforce development.
- **Environment, Energy, and Land Use** – Responsible for all matters pertaining to air, water, energy, and land use, including water resource management, air quality standards, national energy policy, coastal management, oceans, and parks and recreation.
- **Finance, Pensions, and Intergovernmental Affairs** – Responsible for all matters pertaining to the financial resources of counties, fiscal management, municipal borrowing, county revenues, pensions, the federal budget, tax reform, elections, and Native American issues.
- **Health** – Responsible for all matters pertaining to public health and healthy communities, including disease prevention, health insurance, Medicaid, Medicare, and long term care.
- **Human Services and Education** – Responsible for all matters pertaining to children's issues, public assistance and income support, services to senior citizens and individuals with disabilities, immigration policy, and elementary, secondary, and early childhood education.
- **Justice and Public Safety** – Responsible for all matters pertaining to criminal justice and public safety systems, including law enforcement, courts, corrections, community crime prevention, and emergency management.
- **Public Lands** – Responsible for all matters pertaining to federally-owned public lands, including federal land management programs, natural resource revenue sharing payments, payments in lieu of taxes, and property tax immunity concerns.
- **Telecommunications and Technology** – Responsible for all matters pertaining to telecommunications and technology policy, including the county role as a telecommunications regulator, service provider, and consumer.

For those interested in joining a NACo Policy Steering Committee, additional information is available at <http://www.naco.org/about/committees-state-associations-affiliates/how-join-committee>. Interested parties are also welcome to contact CSAC or NACo staff if you have any questions regarding California County participation on the Steering Committees.



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GASB 68 and GASB 77 Update  
**Attachment Fourteen**  
Memo on GASB Statement Updates



November 17, 2015

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To: Members, Government Finance and Operations Committee

From: Faith Conley, Legislative Representative, CSAC  
Dorothy Holzem, Legislative Representatives, CSAC  
Betsy Hammer, Legislative Analyst, CSAC

**RE: Governmental Accounting Standards Board (GASB) Updates – INFORMATIONAL**

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**Recommendation.** This is an informational item only.

**Background.** Two recent Governmental Accounting Standards Board (GASB) statements will significantly change how state and local governments report pension obligations and tax abatement agreements. For the first time, governments must reflect the unfunded portion of a pension plan's total liability as a net pension liability. Agencies must also disclose how much tax revenue is lost due to tax abatement agreements.

*GASB Statement No. 68 – Accounting and Financial Reporting for Pensions*

This standard enacts new requirements for accounting and reporting government pension obligations. Financial statements for entities that provide defined-benefit pensions are now required to recognize net pension liability (the difference between a plan's total pension liability and its net assets, or unfunded accrued liability) in financial statements. The rule also proscribes a methodology to measure the annual cost of pension benefits, and requires certain disclosures and supplementary information. This update took effect for fiscal years beginning after June 15, 2014, meaning that recently produced and audited financial statements are likely the first under the new rule. This may result in a significant change in, and potentially negative view of, pension liabilities relative to funding levels.

*GASB Statement No. 77 – Tax Abatement Disclosure*

This update requires reporting information about tax abatement agreements, including the amount of revenue forgone, the purpose of the agreement, provisions for recapturing abated taxes, and other commitments, such as infrastructure improvements. Historically, tax abatements have not been required in reporting, and were frequently not highly publicized. Tax abatements are commonly used for economic development, job growth, and area revitalization; the landscape for this activity may be different in California compared to other states due to the dissolution of redevelopment agencies. The reporting is relevant to the assertion that some tax abatements merely shift economic activity from one area to another, rather than actually increasing overall activity. Governments must disclose information about their own tax abatements as well as tax abatements that are entered into by other governments that have an effect on the reporting government's tax revenue. This statement takes effect for reporting periods beginning after December 15, 2015, though earlier compliance is encouraged.

**Action Requested.** This item is for information only.

**Staff Contact.** Please contact Faith Conley ([fconley@counties.org](mailto:fconley@counties.org) or 916/650-8117), Dorothy Holzem ([dholzem@counties.org](mailto:dholzem@counties.org) or 916/650-8133), or Betsy Hammer ([bhammer@counties.org](mailto:bhammer@counties.org) or 916/650-8108) for additional information.

**Materials.** None