



**Government Finance & Administration Policy
Committee**
CSAC Legislative Conference
Thursday, May 18, 2017 — 9:00 a.m. – 10:30 a.m.
Hyatt Regency Sacramento, Regency A
Sacramento County, California

Supervisor Erin Hannigan, Solano County, Chair
Supervisor Judy Morris, Trinity County, Vice Chair

- 9:00 a.m. I. **Welcome and Introductions**
Supervisor Erin Hannigan, Solano County, Chair
Supervisor Judy Morris, Trinity County, Vice Chair
- 9:05 a.m. II. **State Budget Update and Fiscal Forecast**
Carolyn Chu, Senior Fiscal & Policy Analyst, Legislative Analyst's Office
- 9:25 a.m. III. **Expansion of Sales and Use Tax Application – ACTION ITEM**
Dorothy Johnson, Legislative Representative, CSAC
- 9:35 a.m. IV. **CalPERs Divestment Mandates – ACTION ITEM**
Dorothy Johnson, Legislative Representative, CSAC
- 9:50 a.m. V. **Voting Modernization Bond Act of 2018**
James Schwab, Chief of Legislative Affairs, Secretary of State's Office
- 10:00 a.m. VI. **State Board of Equalization Audit and Corrective Action**
Geoff Neill, Senior Policy and Fiscal Analyst, CSAC
- 10:15 a.m. VII. **Legislative Update**
a) Cannabis Banking
b) Broadband Funding
Dorothy Johnson, Legislative Representative, CSAC
Tracy Sullivan, Legislative Analyst, CSAC
- 10:30 a.m. VIII. **Adjournment**

ATTACHMENTS

Expansion of Sales and Use Tax Application

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CalPERS Divestment Mandates

Attachment Two Memo on CalPERS Divestment Mandates

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Attachment One

Memo on Expansion of Sales and Use Tax Application



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May 5, 2017

To: CSAC Government Finance and Administration Policy Committee

From: Dorothy Johnson, Legislative Representative
Tracy Sullivan, Legislative Analyst

Re: **Expansion of Sales and Use Tax Application – ACTION ITEM**

Recommendation. Staff recommends that the Government Finance and Administration Policy Committee (Committee) discuss and recommend a position to the Board of Directors that will guide future advocacy efforts on expanded sales tax application to products.

Background.

The application of sales tax to certain products follows a tangled trail of logic and lobbying efforts. Differences in sales tax application to similar goods and products can depend on whether or not it is purchased at a vending machine or from a cashier; consumed on the premise or to go; and or deemed a “necessity” such as food or medicine. (For example, some household plants that are edible are not taxed whereas decorative plants are subject to sales tax.) Much of the rationale behind what is and is not exempt is the necessity designation and because sales tax is a “regressive” tax that does not have proportional impact based on income.

The last thirty years of state sales tax policies has resulted in counties receiving almost half of the statewide sales tax rate, with roughly two-thirds of that being constitutionally dedicated to health and public safety programs. In addition, cities and counties receive a dedicated 1% (Bradley-Burns) and 0.25% dedicated to county transportation. Cities and counties may also collect voter-approved transactions and use taxes that cannot exceed a combined city and county rate of 2%.

Each year the Legislature proposes numerous sales tax exemptions for a variety of products. Most recently this has included school text books, emergency supplies, diapers, tailored clothing, feminine hygiene products, and electric or hybrid cars. The exemptions are often well-intended but disregard the loss of local revenue. Accordingly, CSAC has consistently opposed these measures unless amended to limit the proposed exemption only to the state’s share.

The 2017-18 Legislative Session is different. A proposal to expand the application of sales tax to also include candy and processed snack foods (as defined, pursuant to [Assembly Bill 274/ACA 2](#); Garcia) was introduced. A “candy tax” did exist in California through legislation signed by Governor Wilson in 1991 that taxed candy, chips and other processed snack items. Then, Proposition 163 was presented to voters the following year to repeal that tax on the grounds that low-income communities have little access to

healthy foods. Candy and other snack products were classified as “necessities.” The measure passed resulting in a revenue loss of \$200 million annually for the state.

The candy tax proposal through AB 274/ACA 2 is estimated to result in an \$900 million dollars annually statewide with roughly \$400 million allocated to counties based on the existing rate shares.

Comments.

Changes to the Sales Tax Base. California has seen a trend of slowing sales tax revenue collection as consumer behavior has shifted from a focus on goods to services and untaxed products (digital media, for example). Until system-wide changes are made to either sales tax application or local revenue authority, it may be prudent to expand the base to avoid further erosion of this revenue stream.

This Product or This Principle. CSAC has consistently opposed sales tax exemptions regardless of the product and intended beneficiaries if the exemption impacted any of the county shares. Committee members may wish to consider if the *expansion* of taxable products should follow suit with consideration given to the fiscal impacts over and beyond the policy implications related to the product.

Tax Expansions with Dedicated Funds. CSAC has previously supported tax increases applied to products when there is a specified or related purpose for the revenue such as mitigating the impact of that product’s use. For example, last year the CSAC Board of Directors supported Proposition 56 (2016) that applied an additional per-pack cigarette tax with revenues allocated mostly to established tobacco use prevention and cessation programs. The author of the 2017 “candy tax” offers that the sharp increase in childhood obesity and diabetes, especially in disadvantaged communities, warrants the tax expansion to help reduce consumption. It could also be argued that the associated cost pressures on the healthcare system from unhealthy food consumption lend merit to the proposal.

Sales Today, Services Tomorrow. State legislators and the State Controller have proposed several reform efforts to the way sales tax is applied. Some proposals include “clean up” for greater consistency in its application to remove loopholes and ensure food, medicine and other necessity products are not taxed. Other proposals would change the overall tax structure to focus on some services (such as haircuts and green fees) in lieu of products. The Committee may wish to consider if a one-at-a-time approach to expand sales tax application undermines the larger efforts for reform. The Committee may also wish to consider if the benefits of additional revenue outweigh those concerns given that reforms of any magnitude are often a decade-long effort.

Action Requested. Staff requests approval from the committee to advance the proposed recommendation, if any, to the CSAC Board of Directors for action.

Contacts. Please contact Dorothy Johnson (djohnson@counties.org or 916/650-8133), or Tracy Sullivan (tsullivan@counties.org or 916/650-8124) for additional information.

Attachment Two
Memo on CalPERS Divestment Mandates



May 5, 2017

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To: CSAC Government Finance and Administration Policy Committee

From: Dorothy Johnson, Legislative Representative
Tracy Sullivan, Legislative Analyst

Re: **CalPERS Divestment Mandates – ACTION ITEM**

Recommendation. Staff recommends that the Government Finance and Administration Policy Committee (Committee) discuss and forward an “oppose” position to the Board of Directors on measures mandating divestment for CalPERS and other retirement systems in which counties participate.

Background.

As provided in the California Constitution by Proposition 162, the California Pension Protection Act of 1992, the boards of California's public retirement systems have "plenary authority and fiduciary responsibility for investment of monies and administration of the system."

Under Proposition 162, the Legislature also retained its authority to, by statute, "continue to prohibit certain investments by a retirement board where it is in the public interest to do so, and provided that the prohibition satisfies the standards of fiduciary care and loyalty required of a retirement board pursuant to this section."

The Constitution also states, "[t]he members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system."

Recent and currently pending legislation has sought to block investment and require divestment by CalPERS and/or CalSTRS from companies or investment opportunities associated with or controlled by the following:

- Dakota Access Pipeline (AB 20; Kalra, 2017)
- US/Mexico Border Wall (AB 947; Ting, 2017)
- Country of Turkey (AB 1597; Nazarian, 2017), (AB 1661 and AB 2650; Nazarian, 2016)
- Predatory Lenders (AB 2283; Calderon, 2016)
- Israel Boycott Promotion (AB 1551; Allen – 2016)
- Thermal Coal (SB 185; De Leon, 2015) – SIGNED
- Firearms and Ammunition Manufacturers (AB 761; Dickinson, 2013)
- Country of Iran (AB 1151; Feuer, 2011) (AB 211; Anderson – 2007) – SIGNED

The motivation for these divestment proposals is rarely, if ever, fiscal. Instead, they seek to uphold California's core values and affect a more focused dialogue on critical issues like supporting clean energy, opposing nuclear armament and opposing human rights violations.

The CalPERS board has decided to divest from certain industries, including tobacco for the last 16 years, pursuant to its Divestment Policy (see Comments section below). Estimated costs resulting from that action totaled between \$2 billion to \$3 billion, according to a third-party analysis. Recently enacted divestment mandates do not have estimates on their fiscal impact to the state pension system beyond administrative costs for reporting and transactions. The “opportunity cost” is most often reported as a loss prior to divestment mandate implementation.

Comments.

Fiduciary Responsibility. As stated in the State Constitution “a retirement board’s duty to its participants and their beneficiaries shall take precedence over any other duty.” Divestment mandates can present significant challenges for CalPERS in balancing current affairs against its fiduciary duty to maximize retirement investments. As such, to protect the long-term sustainability of the Public Employees Retirement Fund the Committee should consider how divestment mandates would have a negative effect on investment performance.

CalPERS Adopted Divestment Policy. The stated fiduciary obligations for the retirement board generally forbid CalPERS from sacrificing investment performance for the purpose of achieving goals that do not directly relate to CalPERS operations or benefits. According to the CalPERS Policy, divesting appears to almost invariably harm investment performance, such as by causing transaction costs (e.g., the cost of selling assets and reinvesting the proceeds) and compromising investment strategies. In addition, there appears to be considerable evidence that divesting is an ineffective strategy for achieving social or political goals, since the usual consequence is often a mere transfer of ownership of divested assets from one investor to another. Investors that divest lose their ability as shareowners to influence the company to act responsibly. Current policy generally prohibits divesting in response to initiatives, but permits CalPERS to use constructive engagement, where consistent with fiduciary duties, to help divestment initiatives achieve their goals.

CSAC Existing Policy on Pension Systems. The adopted CSAC platform does not speak to the issue of investment choices. The policy principles support increased predictability of costs and benefits for employee and employers; reduced and contained costs for government, employees and taxpayers; and sound fiduciary management.

This Issue or This Principle. The range of targeted companies or investment areas addressed by divestment proposals is expansive. The Committee may wish to consider if there are any areas where divestment mandates are, or are, not appropriate and if there are exceptions to that determination.

By Legislative Mandate or By Board Authority. The CalPERS board is authorized to make investment determinations under their existing authority. If the Committee determines that certain divestments are warranted, the Committee may also wish to consider if it is more appropriate to rely on the existing board process to pursue that change rather than the legislative process.

As Goes CalPERS, So Goes '37 Act? None of the proposed divestment policies impact non-statewide retirement systems. However, divestment policies could influence decision-making for other county-based retirement systems indirectly as attention is given to issues.

Action Requested. Staff requests approval from the Committee to advance the proposed recommendation, if any, to the CSAC Board of Directors for action.

Contacts. Please contact Dorothy Johnson (djohnson@counties.org or 916/650-8133), or Tracy Sullivan (tsullivan@counties.org or 916/650-8124) for additional information.

Attachment Three
Memo on Voting Modernization Act of 2018



May 5, 2017

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To: CSAC Government Finance and Administration Policy Committee

From: Dorothy Johnson, Legislative Representative
Tracy Sullivan, Legislative Analyst

RE: Voting Modernization Bond Act of 2018 – INFORMATIONAL

Recommendation. This is an informational item only.

Background.

Assembly Bill 668 (Gonzalez Fletcher) would place a general bond measure on the June 2018 ballot for voter approval to appropriate \$450 million to replace aging voting systems in all of California's 58 counties. This represents the first major investment in elections in nearly 15 years.

AB 668 would allow counties to use the funds to purchase new voting systems, electronic poll books, ballot on demand systems, vote by mail drop boxes, and accessible vote by mail systems. This bill would require a county to match state funds at a ratio of one county dollar for every three state dollars if the county is conducting elections pursuant to the California Voter's Choice Act (CVCA), which will help cover the additional costs of switching to this method established by Senate Bill 450 (Allen, 2016). If a county is not conducting elections pursuant to the CVCA, then the county must match at a ratio of one county dollar for every two state dollars.

The last major investment in elections administration followed Congress passing the Help America Vote Act of 2002 (HAVA) in response to the problems of Florida's 2000 Presidential Election, which were widely blamed on obsolete voting systems. HAVA appropriated \$252 million to California for the replacement of county voting systems. During the same period California voters passed Proposition 41, the Voting Modernization Bond Act of 2002, which provided \$200 million in state funds. These funds were provided to counties as a reimbursement on a three to one matching basis to upgrade voting systems.

Most California counties used their funding to purchase new voting equipment prior to the 2006 election cycle. However, most systems were based on technology of the 1990's and even today rely on zip drives, dot matrix printers, and Windows 2000 or 2003. The federal standards intended these systems to only last 10 years. Voting systems in almost every county are at or near their end-of-life.

Attachments.

- 1) AB 668 (Gonzalez Fletcher) Language
- 2) CSAC AB 668 (Gonzalez Fletcher) Support Letter

Contacts. Please contact Dorothy Johnson (djohnson@counties.org or 916/650-8133), or Tracy Sullivan (tsullivan@counties.org or 916/650-8124) for additional information.

Voting Modernization Bond Act of 2018

Attachment Four

AB 668 (Gonzalez Fletcher) Language

AMENDED IN ASSEMBLY MAY 2, 2017

AMENDED IN ASSEMBLY APRIL 6, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 668

Introduced by Assembly Member Gonzalez Fletcher

February 14, 2017

An act to amend Sections 19253 and 19256 of, and to add Chapter 5 (commencing with Section 19400) to Division 19 of, the Elections Code, relating to elections.

LEGISLATIVE COUNSEL'S DIGEST

AB 668, as amended, Gonzalez Fletcher. Voting Modernization Bond Act of 2018.

Existing law, the Voting Modernization Bond Act of 2002, authorizes the Voting Modernization Finance Committee to issue and sell bonds in the amount of \$200,000,000, as specified. Existing law authorizes a county to apply to the Voting Modernization Board for money from the proceeds of the sale of bonds (1) to pay for or purchase new voting systems that are certified or conditionally approved by the Secretary of State, (2) to research and develop new voting systems, or (3) to manufacture the minimum number of voting system units reasonably necessary to test and seek certification or conditional approval of the voting system, or test and demonstrate the capabilities of a voting system in a pilot program.

This bill would enact the Voting Modernization Bond Act of 2018 which, if approved, would authorize the issuance and sale of bonds in the amount of \$450,000,000, as specified, ~~for purposes of assisting counties in the purchase of specified voting equipment and technology.~~

similar purposes. This bill would authorize the Voting Modernization Finance Committee and the Voting Modernization Board to administer the Voting Modernization Bond Act of 2018.

This bill would provide for submission of the act to the voters at the June 5, 2018, statewide direct primary election.

Vote: $\frac{2}{3}$. 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 19253 of the Elections Code is amended
2 to read:

3 19253. (a) The Voting Modernization Finance Committee is
4 hereby established for the purpose of authorizing the issuance and
5 sale, pursuant to the State General Obligation Bond Law, of the
6 bonds authorized by this article and Chapter 5.

7 (b) The committee consists of the Controller, the Director of
8 Finance, and the Treasurer, or their designated representatives, all
9 of whom shall serve without compensation, and a majority of
10 whom shall constitute a quorum. The Treasurer shall serve as
11 chairperson of the committee. A majority of the committee may
12 act for the committee.

13 (c) For purposes of this article, the Voting Modernization
14 Finance Committee is “the committee” as that term is used in the
15 State General Obligation Bond Law.

16 SEC. 2. Section 19256 of the Elections Code is amended to
17 read:

18 19256. The Voting Modernization Board is hereby established
19 and designated the “board” for purposes of the State General
20 Obligation Bond Law, and for purposes of administering the Voting
21 Modernization Fund and the Voting Modernization Fund of 2018.
22 The board consists of five members, three selected by the Governor
23 and two selected by the Secretary of State. The board shall have
24 the authority to reject any application for fund money it deems
25 inappropriate, excessive, or that does not comply with the intent
26 of this article or Chapter 5. A county whose application is rejected
27 shall be allowed to submit an amended application.

28 SEC. 3. Chapter 5 (commencing with Section 19400) is added
29 to Division 19 of the Elections Code, to read:

1 CHAPTER 5. VOTING MODERNIZATION BOND ACT OF 2018

2
3 19400. This chapter shall be known and may be cited as the
4 Voting Modernization Bond Act of 2018.

5 19401. The State General Obligation Bond Law (Chapter 4
6 (commencing with Section 16720) of Part 3 of Division 4 of Title
7 2 of the Government Code), except as otherwise provided herein,
8 is adopted for the purpose of the issuance, sale, and repayment of,
9 and otherwise providing with respect to, the bonds authorized to
10 be issued by this chapter, and the provisions of that law are
11 included in this chapter as though set out in full.

12 19402. For purposes of this chapter, the following definitions
13 apply:

14 (a) “Ballot on demand system” means a ballot manufacturing
15 system, as defined in Section 303.4, that is subject to Sections
16 13004 and 13004.5.

17 (b) “Board” means the Voting Modernization Board, established
18 pursuant to Section 19256.

19 (c) “Bond” means a state general obligation bond issued
20 pursuant to this chapter adopting the provisions of the State General
21 Obligation Bond Law.

22 (d) “Bond act” means this chapter authorizing the issuance of
23 state general obligation bonds and adopting the State General
24 Obligation Bond Law by reference.

25 (e) “Committee” means the Voting Modernization Finance
26 Committee, established pursuant to Section 19253.

27 (f) “Electronic poll book” means an electronic list of registered
28 voters that may be transported to the polling location or vote center
29 pursuant to Section 2550.

30 (g) “Fund” means the Voting Modernization Fund of 2018,
31 established pursuant to Section 19403.

32 (h) “Remote accessible vote by mail system” means a system,
33 as defined in Section 303.3, that is certified pursuant to Chapter
34 3.5 (commencing with Section 19280) of Division 19.

35 (i) “Vote by mail ballot drop box” means a secure receptacle
36 established by a county or city and county elections official
37 whereby a voted vote by mail ballot may be returned to the
38 elections official from whom it was obtained pursuant to Section
39 3025.

1 (j) “Voting system” means any voting machine, voting device,
 2 or vote tabulating device that does not use prescored punch card
 3 ballots.

4 19403. (a) The committee may create a debt or debts, liability
 5 or liabilities, of the State of California, in the aggregate amount
 6 of not more than four hundred fifty million dollars (\$450,000,000),
 7 exclusive of refunding bonds, in the manner provided herein for
 8 the purpose of creating a fund to assist counties in ~~the purchase of~~
 9 ~~items~~ *paying for an expense* listed in subdivision (d).

10 (b) The proceeds of bonds issued and sold pursuant to this
 11 chapter shall be deposited in the Voting Modernization Fund of
 12 2018, which is hereby established.

13 (c) A county is eligible to apply to the board for fund money if
 14 it meets both of the following requirements:

15 (1) After January 1, 2017, the county has ~~purchased an item~~
 16 *agreed to pay for an expense* listed in subdivision (d) for which it
 17 continues to make payments on the date that this chapter becomes
 18 effective.

19 (2) The county matches fund moneys at one of the following
 20 ratios:

21 (A) If the county conducts an election pursuant to Section 4005
 22 or 4007, one dollar (\$1) of county moneys for every three dollars
 23 (\$3) of fund moneys.

24 (B) If the county does not conduct an election pursuant to
 25 Section 4005 or 4007, one dollar (\$1) of county moneys for every
 26 two dollars (\$2) of fund moneys.

27 ~~Fund moneys shall only be used~~ *(1) A county may use fund*
 28 *moneys to purchase or lease* the following:

29 ~~(1)~~
 30 (A) Voting systems certified *or conditionally approved* by the
 31 Secretary of State that do not use prescored punch card ballots.

32 ~~(2)~~
 33 (B) Electronic poll ~~books~~. *books certified by the Secretary of*
 34 *State.*

35 ~~(3)~~
 36 (C) Ballot on demand ~~systems~~. *systems certified by the Secretary*
 37 *of State.*

38 ~~(4)~~

1 (D) Vote by mail ~~ballot drop boxes~~: boxes that comply with any
2 relevant regulations promulgated by the Secretary of State pursuant
3 to subdivision (b) of Section 3025.

4 ~~(5)~~

5 (E) Remote accessible vote by mail ~~systems~~: systems certified
6 or conditionally approved by the Secretary of State.

7 ~~(6)~~

8 (F) Technology to facilitate electronic connection between
9 polling places, vote centers, and the office of the county elections
10 official or the Secretary of State’s office.

11 (G) Vote by mail ballot sorting and processing equipment.

12 (2) A county may use fund moneys to contract and pay for the
13 following:

14 (A) Research and development of a new voting system that has
15 not been certified or conditionally approved by the Secretary of
16 State. A voting system developed pursuant to this subparagraph
17 shall use only nonproprietary software and firmware with disclosed
18 source code, except that it may use unmodified commercial
19 off-the-shelf software and firmware, as defined in paragraph (1)
20 of subdivision (a) of Section 19209.

21 (B) Manufacture of the minimum number of voting system units
22 reasonably necessary for either of the following purposes:

23 (i) Testing and seeking certification or conditional approval for
24 the voting system pursuant to Sections 19210 to 19214, inclusive.

25 (ii) Testing and demonstrating the capabilities of the voting
26 system in a pilot program pursuant to paragraph (2) of subdivision
27 (b) and subdivision (c) of Section 19209.

28 (e) Any voting system purchased or leased using bond funds
29 that does not require a voter to directly mark on the ballot must
30 produce, at the time the voter votes his or her ballot or at the time
31 the polls are closed, a paper version or representation of the voted
32 ballot or of all the ballots cast on a unit of the voting system. The
33 paper version shall not be provided to the voter but shall be retained
34 by elections officials for use during the 1 percent manual ~~recount~~
35 ~~or other tally~~ described in Section 15360, or any recount, audit,
36 or contest.

37 19404. The Legislature may amend subdivisions (c) and (d)
38 of Section 19403 and Section 19256 by a statute, passed in each
39 house of the Legislature by rollcall vote entered in the respective
40 journals, by not less than two-thirds of the membership in each

1 house concurring, if the statute is consistent with, and furthers the
2 purposes of, this chapter.

3 19405. (a) All bonds authorized by this chapter, when duly
4 sold and delivered as provided herein, constitute valid and legally
5 binding general obligations of the State of California, and the full
6 faith and credit of the state is hereby pledged for the punctual
7 payment of both principal and interest thereof. The bonds issued
8 pursuant to this chapter shall be repaid within 10 years from the
9 date they are issued.

10 (b) There shall be collected annually, in the same manner and
11 at the same time as other state revenue is collected, a sum of
12 money, in addition to the ordinary revenues of the state, sufficient
13 to pay the principal of, and interest on, the bonds as provided
14 herein. All officers required by law to perform any duty in regard
15 to the collection of state revenues shall collect this additional sum.

16 (c) On the dates on which funds are remitted pursuant to Section
17 16676 of the Government Code for the payment of the then
18 maturing principal of, and interest on, the bonds in each fiscal
19 year, there shall be returned to the General Fund all of the money
20 in the fund, not in excess of the principal of, and interest on, any
21 bonds then due and payable. If the money so returned on the
22 remittance dates is less than the principal and interest then due and
23 payable, the balance remaining unpaid shall be returned to the
24 General Fund out of the fund as soon as it shall become available,
25 together with interest thereon from the dates of maturity until
26 returned, at the same rate of interest as borne by the bonds,
27 compounded semiannually. This subdivision does not grant any
28 lien on the fund or the moneys therein to holders of any bonds
29 issued under this chapter. However, this subdivision does not apply
30 in the case of any debt service that is payable from the proceeds
31 of any refunding bonds. For purposes of this subdivision, “debt
32 service” means the principal, whether due at maturity, by
33 redemption, or acceleration, premium, if any, or interest payable
34 on any date to any series of bonds.

35 19406. Notwithstanding Section 13340 of the Government
36 Code, there is hereby continuously appropriated from the General
37 Fund, for purposes of this chapter, a sum of money that will equal
38 the sum annually necessary to pay the principal of, and the interest
39 on, the bonds issued and sold as provided in this chapter, as that
40 principal and interest become due and payable.

1 19407. Upon request of the board, supported by a statement
2 of its plans and projects approved by the Governor, the committee
3 shall determine whether to issue any bonds authorized under this
4 chapter in order to carry out the board's plans and projects and, if
5 so, the amount of bonds to be issued and sold. Successive issues
6 of bonds may be authorized and sold to carry out these plans and
7 projects progressively, and it is not necessary that all of the bonds
8 be issued or sold at any one time.

9 19408. (a) The committee may authorize the Treasurer to sell
10 all or any part of the bonds authorized by this chapter at the time
11 or times established by the Treasurer.

12 (b) Whenever the committee deems it necessary for an effective
13 sale of the bonds, the committee may authorize the Treasurer to
14 sell any issue of bonds at less than their par value, notwithstanding
15 Section 16754 of the Government Code. However, the discount
16 on the bonds shall not exceed 3 percent of the par value thereof.

17 19409. Out of the first money realized from the sale of bonds
18 as provided by this chapter, there shall be redeposited in the
19 General Obligation Bond Expense Revolving Fund, established
20 by Section 16724.5 of the Government Code, the amount of all
21 expenditures made for purposes specified in that section, and this
22 money may be used for the same purpose and repaid in the same
23 manner whenever additional bond sales are made.

24 19410. Any bonds issued and sold pursuant to this chapter may
25 be refunded in accordance with Article 6 (commencing with
26 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
27 the Government Code. The approval of the voters for the issuance
28 of bonds under this chapter includes approval for the issuance of
29 bonds issued to refund bonds originally issued or any previously
30 issued refunding bonds.

31 19411. Notwithstanding any provision of the bond act, if the
32 Treasurer sells bonds under this chapter for which bond counsel
33 has issued an opinion to the effect that the interest on the bonds is
34 excludable from gross income for purposes of federal income tax,
35 subject to any conditions that may be designated, the Treasurer
36 may establish separate accounts for the investment of bond
37 proceeds and for the earnings on those proceeds, and may use those
38 proceeds or earnings to pay any rebate, penalty, or other payment
39 required by federal law or take any other action with respect to the
40 investment and use of bond proceeds required or permitted under

1 federal law necessary to maintain the tax-exempt status of the
2 bonds or to obtain any other advantage under federal law on behalf
3 of the funds of this state.

4 19412. The Legislature hereby finds and declares that,
5 inasmuch as the proceeds from the sale of bonds authorized by
6 this chapter are not “proceeds of taxes” as that term is used in
7 Article XIII B of the California Constitution, the disbursement of
8 these proceeds is not subject to the limitations imposed by Article
9 XIII B.

10 SEC. 4. Section 3 of this act shall take effect upon the approval
11 by the people of the Voting Modernization Bond Act of 2018,
12 submitted to the voters pursuant to Section 5 of this act.

13 SEC. 5. Notwithstanding Section 9040 of the Elections Code,
14 a ballot measure that sets forth the Voting Modernization Bond
15 Act of 2018, as set forth in Section 3 of this act, shall be submitted
16 to the voters at the June 5, 2018, statewide direct primary election.

O

Voting Modernization Bond Act of 2018
Attachment Five
CSAC AB 668 (Gonzalez Fletcher) Support Letter



April 17, 2017

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The Honorable Lorena Gonzalez Fletcher
California State Assembly
State Capitol Building, Room 2114
Sacramento, California 95814

**Re: Assembly Bill 668 (Gonzalez Fletcher). Voting Modernization Bond Act of 2018.
Support – As amended April 6, 2017
Hearing Date – April 26, 2017: Assembly Elections and Redistricting Committee**

Dear Assembly Member Gonzalez Fletcher:

On behalf of the California State Association of Counties (CSAC), I am pleased to write in support of your Assembly Bill 668, the Voting Modernization Bond Act of 2018, which would seek voter approval to appropriate \$450 million to replace aging voting systems in all of California's 58 counties. Many county voting systems are nearing the end of their useful shelf-life and an investment now in those systems is necessary to ensure equipment is fully functioning for next decade of voting.

Elections administration is a basic and important duty assigned to counties on behalf of the state for candidate contests and policy decisions at all levels of government, from the smallest school district to the national stage. While counties can recover direct costs for conducting elections from local agencies this does not contribute to their overall voting system needs. The last major investment in voting systems was in 2002, following the Help America Vote Act that appropriated \$252 million to California for the replacement of county voting systems. During the same period California voters passed Proposition 41, the Voting Modernization Bond Act of 2002, which provided \$200 million in state funds. Most California counties used their funding to purchase new voting equipment prior to the 2006 election cycle. However, most systems were based on technology of the 1990's and still today rely on rapidly aging equipment and out-of-date technology.

Earlier this year, a report by the Legislative Analyst's Office examined voting administration and offered that the state has a clear interest in secure, timely, and uniform elections. They noted that while the state reaps regular benefits from county elections administration, it only sporadically provides funding to counties for election activities. We have every confidence that counties will continue to faithfully and expertly administer elections on behalf of the state to the best of their ability. However, we strongly believe a one-time investment now is critical to ensuring successful outcomes for all who are involved, including elections officials, state and local agencies, and the voters of California.

For these reasons, CSAC is pleased to support AB 668 and we thank you for your leadership on this important issue. If you have any questions regarding our position please do not hesitate to contact me at (916) 650-8133.

Sincerely,

A handwritten signature in cursive script that reads 'Dorothy Johnson'.

Dorothy Johnson
Legislative Representative

Attachment Six
Memo on State Board of Equalization Audit and Corrective Action



May 5, 2017

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327.7500

Facsimile
916.441.5507

To: CSAC Government Finance and Administration Policy Committee

From: Dorothy Johnson, Legislative Representative
Tracy Sullivan, Legislative Analyst

RE: **State Board of Equalization Audit and Corrective Action – INFORMATIONAL**

Recommendation. This is an informational item only.

Background.

The State Board of Equalization (BOE) administers over 30 tax and fee programs, which generated \$60.5 billion in revenue during fiscal year 2014-15. BOE is governed by a five-member Board (Board) and executive management team. The Board, acting as a whole, establishes BOE's overarching policies and delegates authority to the Executive Director and the executive team to manage the day-to-day operations. The Board serves concurrent four-year terms and constitute the nation's only elected tax commission. The Board and the executive management team are jointly responsible for establishing and implementing a fair, effective, and efficient tax administration program.

On March 30, the Department of Finance released their [evaluation](#) of the (BOE) pursuant to provisions in the adopted 2016-17 State Budget. Their findings pointed to several troubling concerns related to operations and policies, or the lack there of, that ran counter to state law and budgetary and legislative directives. Governor Brown issued a letter in response to the evaluation that included, among other things, instructions for legislative leadership to convene and identify statutory changes to provide corrective steps by June 2017. CSAC has requested the opportunity to serve as a partner with the Administration and legislative leadership given the county partnership in service delivery on behalf of the State.

In addition to the reported questionable accounting practices and program administration, CSAC is been deeply concerned with BOE misallocations for sales tax revenues. Recent BOE audits revealed major errors, first in 2014 for the prior three-year period that totaled over \$350 million and more recently in May 2016 following an audit the prior year by the State Controller's Office (SCO). CSAC is still awaiting the details on the SCO audit to understand the size and scope of the allocation errors and possible plans for adjustment.

The DOF evaluation showed discouraging information about the most recent allocation error. It reported that there were 11 different versions of the adjustment plans, each with errors themselves, to which the BOE cannot explain comprehensively. CSAC staff will provide an update on the developments with the BOE evaluation and a status report on possible corrective action for the sales tax misallocation.

Attachments.

- 1) CSAC Letter to Governor and Legislative Leadership

Contacts. Please contact Dorothy Johnson (djohnson@counties.org or 916/650-8133), or Tracy Sullivan (tsullivan@counties.org or 916/650-8124) for additional information.

State Board of Equalization Audit and Corrective Action
Attachment Seven
CSAC Letter to Governor and Legislative Leadership



® April 19, 2017

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327.7500

Facsimile
916.441.5507

The Honorable Edmund G. Brown
Governor, California State Senate
State Capitol Building, First Floor
Sacramento, California 95814

Re: State Board of Equalization Audit and Evaluation Report

Dear Governor Brown:

The March 30 report by the Department of Finance on the troubled state of the Board of Equalization (BOE) is cause for concern given the BOE's central role in county revenue allocation that supports programs and services vital to all Californians. Regrettably, as you know, there have been significant complications and errors with sales tax allocation by the BOE in recent years that creates uncertainty and hampers the ability of counties to budget appropriately. We appreciate your efforts to seek solutions in the near term to achieve accuracy, accountability and efficiency.

After the last 30 years of changes to sales and use tax policy, counties now receive nearly half of the statewide rate, with almost two-thirds of that constitutionally dedicated to health and human services or criminal justice programs. This is in addition to the local shares of sales and use tax channeled to county agencies for local service needs. For counties, it is also one of the few sources available as a discretionary revenue stream.

BOE audits in the recent term revealed major allocation errors. CSAC was first notified in 2014 of a misallocation that totaled over \$350 million and more recently in May 2016 following the State Controller's Office audit. Regarding the May 2016 notification, we are still awaiting the details to understand the size and scope of the error nearly a year later. We need to take every step necessary to ensure the is not repeated, especially in light of forthcoming implementation of Senate Bill 1 and transportation funding allocations to be processed through the BOE.

Due to our partnership with the State and role in delivering state programs and services that are dependent upon revenues allocated through the BOE, we would request that CSAC be involved in decisions on how to restore competency and confidence in these revenue allocations. We look forward to working with you on a solution to provide greater budget stability at both the state and local level. I can be reached at 916.327.7500 or mcate@counties.org.

Sincerely,

A handwritten signature in blue ink that reads 'Matthew Z. Cate'.

Matthew Cate
Executive Director

cc: The Honorable Kevin De León, California State Senate President Pro Tem
The Honorable Anthony Rendon, California State Assembly Speaker
The Honorable Patricia Bates, California State Senate Minority Leader
The Honorable Chad Mayes, California State Assembly Minority Leader
The Honorable Holly Mitchell, Senate Budget Committee Chair
The Honorable Richard Roth, Senate Budget Subcommittee No. 4 Chair
The Honorable Phil Ting, Assembly Budget Committee Chair
The Honorable Jim Cooper, Assembly Budget Subcommittee No. 4 Chair
The Honorable Betty Yee, California State Controller

Attachment Eight
Memo on Legislative Update



® May 5, 2017

1100 K Street
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Sacramento
California
95814

Telephone
916.327.7500

Facsimile
916.441.5507

To: CSAC Government Finance and Administration Policy Committee

From: Dorothy Johnson, Legislative Representative
Tracy Sullivan, Legislative Analyst

RE: **Legislative Update – INFORMATIONAL**

Recommendation. This is an informational item only.

Background.

Since the convening of the 2017-18 Legislative Session, CSAC staff has reviewed hundreds of introduced and amended bills concerning a wide range of topics that include governance authority, tax allocation, public records, employment practices, elections reforms, contracting for service and more.

Staff is grateful to the Committee members for providing feedback and comments on these measures to help guide advocacy efforts. The latest status reports on all of the tracked bills by subject area is available on the CSAC website: www.counties.org/legislative-tracking

Attachments.

- 1) GF&A Legislative Bulletin
- 2) CSAC SB 148 (Wiener, Atkins) Support Letter – Cannabis Banking
- 3) Broadband Bill List

Contacts. Please contact Dorothy Johnson (djohnson@counties.org or 916/650-8133), or Tracy Sullivan (tsullivan@counties.org or 916/650-8124) for additional information.

Legislative Update
Attachment Nine
GF&A Legislative Bulletin



Government Finance and Administration Legislative Report

The following bills reflect Government Finance and Administration advocacy efforts thus far in the 2017-2018 Legislative Session. For more information, contact Dorothy Johnson, Legislative Representative, at (916) 650-8133, djohnson@counties.org or Tracy Sullivan, Legislative Analyst, at (916) 650-8124, tsullivan@counties.org.

Taxes (General)

ACA 4 Local government financing: affordable housing and public infrastructure: voter approval.

(Aguiar-Curry) Introduced: 2/17/2017

Summary: Would reduce the local vote threshold from two-thirds to 55 percent for three types of measures to fund affordable housing and public infrastructure: (1) ad valorem taxes on real property exceeding one percent of the full cash value; (2) special taxes; and (3) to incur bond indebtedness that exceeds the income and revenue provided in that year.

CSAC Position: SUPPORT

Property Tax

AB 652 Property taxation: base year value: new construction.

(Flora)

Introduced: 2/14/2017

Last Amend: 4/3/2017

Summary: Current property tax law requires the assessor to determine a new base year value for the portion of any taxable real property which has been newly constructed and that new construction in progress on the lien date be appraised at its full value on that date, and each lien date thereafter, until construction is completed, at which time the entire portion of property which is newly constructed is reappraised at its full value. This bill would prohibit new construction that is in progress from acquiring a new base year value until the date of completion.

CSAC Position: SUPPORT

AB 653 Property taxation: exemption: property owned in fee by Indian tribes.

(Ridley-Thomas)

Introduced: 2/14/2017

Last Amend: 3/21/2017

Summary: The California Constitution provides that all property is taxable unless exempted by the California Constitution or by federal law. This bill, commencing with the 2018–19 fiscal year, would exempt from taxation property owned in fee by a federally recognized Indian tribe if specified conditions are met. By imposing new duties upon local county officials, this bill would impose a state-mandated local program.

CSAC Position: OPPOSE

AB 1322
(Bocanegra)

Property taxation: intercounty base year value transfers.

Introduced: 2/17/2017

Summary: Would authorize any person over 55 years of age or any severely and permanently disabled person to transfer the base year value of an original property to a replacement dwelling located in a different county without the adoption of a county ordinance so providing, overriding previous Board of Supervisors' approval or rejection. The bill would limit this provision to transfers of base year value that occur on or after January 1, 2019. This bill contains other related provisions and other existing laws.

CSAC Position: OPPOSE

ACA 7
(Bocanegra)

Property taxation: intercounty base year value transfers.

Introduced: 2/17/2017

Summary: Would authorize the Legislature to require by statute that the provisions relating to transfer of base year value also apply to situations in which the original property and the replacement dwelling are located in different counties, overriding previous Board of Supervisors' approval or rejection.

CSAC Position: OPPOSE

SB 151
(Nguyen)

Property tax postponement.

Introduced: 1/18/2017

Summary: Current law establishes the Senior Citizens and Disabled Citizens Property Tax Postponement Fund and continuously appropriates moneys in the fund to the Controller for specified purposes. Current law requires the Controller to, on June 30, 2018, and on June 30 each year thereafter, transfer any moneys in the fund in excess of \$15,000,000 to the General Fund. This bill would eliminate the requirement that the Controller transfer any moneys in the fund in excess of \$15,000,000 to the General Fund. By authorizing the expenditure of additional General Fund moneys for the purpose of the property tax postponement program, this bill would make an appropriation

CSAC Position: SUPPORT

SB 447
(Nielsen)

Property taxes: equalization: multicounty assessment appeals boards.

Introduced: 2/15/2017

Last Amend: 4/18/2017

Summary: Would authorize the boards of supervisors of 2 or more counties to establish a multijurisdictional assessment appeals board to equalize the valuation of taxable property within each participating county by enactment of an ordinance in each participating county, as defined, for a period of not less than 4 years. The bill would require the board to comply with rules and regulations as may be adopted by the participating counties or the State Board of Equalization, with existing statutory provisions governing equalization proceedings before a multijurisdictional board.

CSAC Position: SUPPORT

SB 653
(Moorlach)

County tax collectors: notices: publication.

Introduced: 2/17/2017

Last Amend: 4/19/2017

Summary: Current law requires a county tax collector to publish various notices in a newspaper, including a notice specifying, among other things, the dates when property taxes on the secured roll will be due and the penalties and costs for delinquency. This bill would require the tax collector to also provide notice on the tax collector's regularly maintained Internet Web site of any notice required to be published in a newspaper of general circulation under the Revenue and Taxation Code, as provided.

CSAC Position: OPPOSE

Sales & Use Tax

Sales and use taxes: exemption: sanitary napkins: tampons: menstrual sponges

Introduced: 12/5/2016

AB 9
(Garcia)

Summary: Would, on and after January 1, 2018, exempt from sales and use taxes the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, tampons, sanitary napkins, menstrual sponges, and menstrual cups. Estimated annual statewide revenue loss of \$20 million. This bill contains other related provisions and other existing laws.

CSAC Position: OPPOSE UNLESS AMENDED

AB 252

Local government: taxation: prohibition: video streaming services.

(Ridley-Thomas)

Introduced: 1/31/2017

Last Amend: 2/28/2017 – 2 year bill

Summary: Would, until January 1, 2023, prohibit the imposition by a city, city and county, or county, including a chartered city, city and county, or county, of a tax on video streaming services, including, but not limited to, any tax on the sale or use of video streaming services or any utility user tax on video streaming services. This overrides local voter-approved taxes through state legislation.

CSAC Position: OPPOSE

AB 274

Sales and use taxes: exemption: food products.

(Garcia)

Introduced: 2/1/2017

Last Amend: 5/1/2017

Summary: Sales and use tax laws provide various exemptions from these taxes, including an exemption for food products, which, pursuant to Proposition 163, approved by the voters on November 3, 1992, are required to include, among other items, candy, confectionery, and snack foods. This bill, on and after July 1, 2019, would no longer provide an exemption for food products that are candy or confectionery, as defined, or processed snacks, as defined.

CSAC Position: PENDING

AB 479

Sales and use taxes: exemption: menstrual and incontinence products: alcoholic beverage taxes: distilled spirits: additional surtax.

**(Gonzalez
Fletcher)**

Introduced: 2/13/2017

Last Amend: 3/27/2017

Summary: Would, beginning January 1, 2018, exempt from sales and use taxes the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, wearable incontinence supplies designed, manufactured, processed, fabricated, or package for use by infants, children, or adults, and of tampons, sanitary napkins, menstrual sponges, and menstrual cups. Would also establish increased distilled liquor tax.

CSAC Position: OPPOSE UNLESS AMENDED

AB 561

Sales and use taxes: exclusion: public safety first responder vehicle and equipment: local public employee retirement: employer contributions.

(Voepel)

Introduced: 2/14/2017

Last Amend: 4/17/2017

Summary: This bill, for any public safety first responder vehicle and any equipment required on a public safety first responder vehicle that is purchased by a local public agency, would exclude from the terms “gross receipts” and “sales price,” amounts of the gross receipts or sales price in excess of \$800,000 of an individual item. Any savings resulting from the sales tax exemption must be applied to paying down that local agencies pension liability

CSAC Position: SEEKING AMENDMENTS

ACA 2
(Garcia)

Sales and use taxes: food products.

Introduced: 1/18/2017

Last Amend: 5/1/2017

Summary: This measure, on and after July 1, 2019, would instead require that any sales or use tax levied by the State of California or any of its political subdivisions apply to the sale of, or the storage, use, or other consumption in this state of, certain food products for human consumption. The measure would authorize the Legislature to exempt the sale of, or the storage, use, or other consumption in this state of, any food product from sales and use tax by a statute that becomes operative on or after November 7, 2018. The measure would be submitted to the voters only if AB 274 of the 2017–18 Regular Session is enacted.

CSAC Position: PENDING

SB 79
(Allen)

Sales and use taxes: exemption: used electric vehicles.

Introduced: 1/11/2017

Last Amend: 3/9/2017

Summary: Would exempt from sales and use taxes the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of used electric vehicle. The bill would require the State Air Resources Board to undertake a cost-benefit analysis of this tax exemption and the greenhouse gas emission reduction from the vehicles traded in and submit a report to the Legislature. This measure does not include local transaction and use taxes, or Bradley-Burns rate but still applies the exemption to county Realignment shares of the statewide sales tax rate.

CSAC Position: OPPOSE UNLESS AMENDED

Local Revenues

AB 448
(Daly)

Local governments: parcel taxes: notice.

Introduced: 2/13/2017

Summary: Would require a local agency to provide notice of a new parcel tax to any owner of record of a parcel affected by the tax, if that owner of record does not reside within the jurisdictional boundaries of the taxing entity. The bill would also require the notice to be made within 30 days of the certification of the election approving the new parcel tax.

CSAC Position: PENDING

Local Finance

AB 48
(Ting)

Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Introduced: 12/5/2016

Last Amend: 4/18/2017

Summary: Would provide a vehicle license fee allocation adjustment for the four newest cities impacted by the SB 89 (2011) VLF Sweep, restoring the revenue as anticipated upon incorporation. The bill would appropriate \$1,000 from the General Fund to the State Board of Equalization for administrative costs related to the bill.

CSAC Position: SUPPORT

AB 464
(Gallagher)

Local government reorganization.

Introduced: 2/13/2017

Last Amend: 3/14/2017

Summary: Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, current law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended. This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

CSAC Position: SUPPORT

AB 636
(Irwin)

Local streets and roads: expenditure reports.

Introduced: 2/14/2017

Last Amend: 3/28/2017

Summary: Current law, with limited exceptions, requires each city and county to submit to the Controller a complete report of expenditures for street and road purposes by October 1 of each year relative to the preceding fiscal year ending on June 30. This bill would instead require the report to be submitted to the Controller within 7 months after the close of the fiscal year adopted by a county, city, or city and county. The bill would make other conforming changes.

CSAC Position: SUPPORT

AB 804
(Garcia)

Controller: internal control guidelines.

Introduced: 2/15/2017

Last Amend: 4/17/2017

Summary: Current law requires the Controller, on or before January 1, 2015, to develop internal control guidelines applicable to a local agency, as defined, to prevent and detect financial errors and fraud, based on specified standards and with input from any local agency and organizations representing the interests of local agencies. This bill would authorize the Controller to audit any local agency for purposes of determining whether the agency's internal controls are adequate to detect and prevent financial errors and fraud.

CSAC Position: PENDING

AB 979
(Lackey)

Local agency formation commissions: district representation.

Introduced: 2/16/2017

Last Amend: 4/27/2017

Summary: Current law requires a local agency formation commission, if it does not have representation from independent special districts on January 1, 2001, to initiate proceedings for representation of those districts upon the commission if requested by independent special districts, and specifies the procedures for those proceedings. This bill would revise the procedures for special district representatives to initiate those proceedings, and would authorize the commission to combine proceedings for appointing a member representing independent special districts on an oversight board pursuant to those proceedings, as specified.

CSAC Position: SUPPORT

SB 37
(Roth)

Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Introduced: 12/5/2016

Summary: Would provide a vehicle license fee allocation adjustment for the four newest cities impacted by the SB 89 (2011) VLF Sweep, restoring the revenue as anticipated upon incorporation.

CSAC Position: SUPPORT

SB 130
(Budget
Committee)

Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Introduced: 1/11/2017
Last Amend: 4/19/2017

Summary: Would provide a vehicle license fee allocation adjustment for the four newest cities impacted by the SB 89 (2011) VLF Sweep, restoring the revenue as anticipated upon incorporation.

CSAC Position: SUPPORT

SB 448
(Wieckowski)

Local government: organization: districts.

Introduced: 2/15/2017
Last Amend: 4/18/2017

Summary: Would require property tax bills to list detailed information about ad valorem property tax allocations to each county, city and special district along with services provided on a property owners annual bill. The bill would additionally require a local agency formation commission to initiate proceedings for the dissolution of idle districts, as specified. This bill would define the terms "inactive district" and "idle district" for these purposes.

CSAC Position: OPPOSE UNLESS AMENDED

SB 792
(Wilk)

Local government: Measure B Oversight Commission: County of Los Angeles.

Introduced: 2/17/2017

Summary: Would create the Measure B Oversight Commission and would require the commission to submit reports to the Legislature, as specified, regarding the County of Los Angeles trauma network and Measure B, defined by the bill to mean the special tax levied on all improved parcels in the County of Los Angeles, as specified, approved by the voters of the County of Los Angeles on November 5, 2002, to provide funding for the Countywide System of Trauma Centers, Emergency Medical Services, and Bioterrorism Response.

CSAC Position: OPPOSE

Conflict of Interest/FPPC

AB 551
(Levine)

Political Reform Act of 1974: postemployment restrictions.

Introduced: 2/14/2017
Last Amend: 4/18/2017

Summary: The Political Reform Act of 1974 prohibits, for a period of one year after the official leaves his or her position, elected and other specified local officials who held positions with a local government agency, as defined, from acting as agents or attorneys for, or otherwise representing, for compensation, any other person, by appearing before, or communicating with, that local government agency, or any committee, subcommittee, or present member of that local government agency, or any officer or employee of the local government agency. This bill would specify that the one-year prohibition applies to independent contractors of a local government agency or a public agency who are appearing or communicating on behalf of that agency.

CSAC Position: NEUTRAL

AB 1089
(Mullin)

Local elective offices: contribution limitations.

Introduced: 2/17/2017

Summary: Would, commencing January 1, 2019, prohibit a person from making a contribution to a candidate for local elective office greater than that of the Political Reform Act restrictions on state Legislative candidates (currently \$4,400) unless locally adopted rules set the threshold higher or lower. Enforcement would be carried out by the Fair Political Practices Commission.

CSAC Position: NEUTRAL

Elections

AB 467
(Mullin)

Local transportation authorities: transactions and use taxes.

Introduced: 2/13/2017

Last Amend: 4/17/2017

Summary: Current law provides for a local transportation authority to adopt a transportation expenditure plan for the proceeds of the retail transactions and use tax, and requires the entire adopted transportation expenditure plan to be included in the voter information handbook sent to voters. This bill, upon the request of an authority, would exempt a county elections official from including the entire adopted transportation expenditure plan in the voter information handbook, if the authority posts the plan on its Internet Web site, and the sample ballot and the voter information handbook sent to voters include information on viewing an electronic version of the plan on the Internet Web site and for obtaining a printed copy of the plan by calling the county elections office

CSAC Position: SPONSOR/SUPPORT

AB 469
(Cooper)

Candidates: nomination documents.

Introduced: 2/13/2017

Last Amend: 3/23/2017

Summary: Current law requires the elections official, within 10 days after receiving the in-lieu-filing-fee petition, to notify a candidate of any deficiency with the petition. If a deficiency is found, existing law requires the candidate to either submit a supplemental in-lieu-filing-fee petition or pay a pro rata portion of the filing fee to cover the deficiency. This bill would instead require a candidate to file an in-lieu-filing-fee petition at least 30 days before the close of the nomination period. The bill would also strike the authorization for a candidate to submit a supplemental petition to cover any deficiency, and it would instead only permit the candidate to pay a pro rata portion of the filing fee.

CSAC Position: SUPPORT

AB 668
**(Gonzalez
Fletcher)**

Voting Modernization Bond Act of 2018.

Introduced: 2/14/2017

Last Amend: 4/6/2017

Summary: Would enact the Voting Modernization Bond Act of 2018 which, if approved, would authorize the issuance and sale of bonds in the amount of \$450,000,000, as specified, for purposes of assisting counties in the purchase of specified voting equipment and technology. This bill would authorize the Voting Modernization Finance Committee and the Voting Modernization Board to administer the Voting Modernization Bond Act of 2018. This bill would provide for submission of the act to the voters at the June 5, 2018, statewide direct primary election.

CSAC Position: SUPPORT

AB 765
(Low)

Local initiative measures: submission to the voters.

Introduced: 2/15/2017

Summary: If a district initiative measure qualifies for the ballot, current law requires that the election for the measure be either at a special election or at the next regular election, depending on whether the initiative petition contains a specified request. This bill instead would require that the election for a county, municipal, or district initiative measure that qualifies for the ballot be the next statewide or regular election, as applicable, unless the governing body of the county, city, or district calls a special election. The bill also would make conforming changes.

CSAC Position: SUPPORT

AB 801
(Weber)

County of San Diego Citizens Redistricting Commission.

Introduced: 2/15/2017

Last Amend: 3/23/2017

Summary: Current law establishes the Independent Redistricting Commission in the County of San Diego, which consists of 5 members and 2 alternate members who are selected randomly, as prescribed. Current law requires the commission to adjust the boundaries of the county's supervisorial districts and to adopt a redistricting plan, as specified. This bill would repeal the provision establishing the redistricting commission and would instead create a new 14-member commission, known as the County of San Diego Citizens Redistricting Commission, to be selected by a specified process.

CSAC Position: OPPOSE

AB 901
(Gloria)

County of San Diego: local elections.

Introduced: 2/16/2017

Last Amend: 5/1/2017

Summary: Would authorize the amendment of the charter of the County of San Diego by proposals submitted to the county electors by the board of supervisors or by a petition signed by 10% of the qualified electors in the county to require that candidates for specified county offices be elected at the general election. Only the candidates who receive the highest or second highest number of votes cast at the primary election would be required to appear on the ballot as candidates for that office at the ensuing general election. This bill contains other related provisions.

CSAC Position: OPPOSE

AB 1333
(Dababneh)

Political Reform Act of 1974: local government agency notices.

Introduced: 2/17/2017

Summary: Would require every local government agency that maintains an Internet Web site to prominently post on its Internet Web site, as specified, a notice of any upcoming election in which voters will vote on a tax measure or proposed bond issuance of the agency. The bill would also require every local government agency that publishes an electronic newsletter to include the notice in the electronic newsletter. By imposing new duties on local government agencies, the bill would impose a state-mandated local program.

CSAC Position: OPPOSE

SB 665
(Moorlach)

Elections: ballot measures.

Introduced: 2/17/2017

Last Amend: 3/28/2017

Summary: Whenever a county measure qualifies for the ballot, the board of supervisors or any member or members of the board, or an individual voter who is eligible to vote on the measure, or bona fide association of citizens, or a combination of these voters and associations, may file a written argument for or against the measure. If more than one of these entities or individuals submits an argument, current law directs the county elections official to select the argument to be printed and distributed based on the identity of the author or authors, which current law prioritizes as specified. This bill would require an organization or association submitting an argument for or against a county or city measure to also submit additional information to the appropriate elections official to enable that official to determine if it qualifies as a bona fide association of citizens.

CSAC Position: SUPPORT

SB 691
(Lara)

Local agency elections: party preference.

Introduced: 2/17/2017

Summary: Current law permits the voters of a city to nominate a candidate for an elective office of the city by the signing and filing of nomination papers, as specified. Existing law requires a candidate for an elective office in a local agency to include an affidavit with his or her nomination papers, indicating the candidate's name, designation, and residence address, as specified. This bill would additionally require that the candidate disclose his or her party preference, or indicate that he or she declines to disclose a party preference, on the affidavit of the nominee. The bill also would make conforming changes.

CSAC Position: OPPOSE

SCA 11
(Lara)

Elections: Nonpartisan offices.

Introduced: 2/17/2017

Summary: The California Constitution requires that all judicial, school, county, and city offices be nonpartisan. The California Constitution prohibits a political party or party central committee from nominating a candidate for nonpartisan office, and prohibits including the party preference of a candidate for nonpartisan office on the ballot for the nonpartisan office. This measure would allow school, county, and city offices, except the office of the Superintendent of Public Instruction, to be partisan offices.

CSAC Position: OPPOSE

County Governance

AB 1069
(Low)

Local government: taxicab transportation services.

Introduced: 2/16/2017

Last Amend: 4/18/2017

Summary: Current law requires every city or county to adopt an ordinance or resolution in regard to taxicab transportation service and requires each city or county to provide for a policy for entry into the business of providing taxicab transportation service, the establishment or registration of rates for the provision of taxicab transportation service, and a mandatory controlled substance and alcohol testing certification program for drivers, as specified. Current law also authorizes a city or county to levy a charge on a taxicab transportation service that is sufficient to pay for the costs of carrying out the ordinance or resolution adopted by the city or county in regards to taxicab transportation services. This bill would repeal the above requirements and authorization for a city and instead apply those provisions only to a county.

CSAC Position: PENDING/CONCERNS

AB 1250
(Jones-Sawyer)

Counties and cities: contracts for personal services.

Introduced: 2/17/2017

Last Amend: 4/25/2017

Summary: Would establish specific standards for the use of personal services contracts by counties and cities. Beginning January 1, 2018, the bill would allow a county or county agency, or a city or city agency, to contract for personal services currently or customarily performed by county employees, as applicable, when specified conditions are met. Among other things, the bill would require the county or city to clearly demonstrate that the proposed contract will result in actual overall costs savings to the county or city and also to show that the contract does not cause the displacement of county or city workers.

CSAC Position: OPPOSE

SB 182
(Bradford)

Transportation network company: participating drivers: single business license.

Introduced: 1/24/2017

Last Amend: In print

Summary: Would prohibit any local jurisdiction, as defined, that requires a driver, as defined, to obtain a business license to operate as a driver for a transportation network company, from requiring that driver to obtain more than a single business license, regardless of the number of local jurisdictions in which the driver operates. Business license jurisdiction would be based on place of driver's residence. The bill would require that personal information submitted to a local jurisdiction for purposes of complying with or enforcing these licensing provisions not be disclosed publicly,.

CSAC Position: OPPOSE

SCA 12
(Mendoza)

Counties: governing body: county executive.

Introduced: 4/27/2017

Summary: Would, commencing January 1, 2022, require a county of more than 5,000,000, require additional seats to be added to a Board of Supervisors so that supervisorial districts are not larger than those held by the US House of Representatives. Also establishes an elected countywide CEO position.

CSAC Position: OPPOSE

Retirement

AB 526
(Cooper)

County employees' retirement: districts: retirement system governance.

Introduced: 2/13/2017

Last Amend: 4/4/2017

Summary: Would define the Sacramento County retirement system as a district under CERP. The bill would authorize the board to adopt, by resolution, specified administrative provisions that would classify various personnel of the retirement system as employees of the retirement system and not employees of the county. The bill would require the retirement system to notify, and to meet and discuss with, participating employers in the retirement system, the employees of the system, and specified employee organizations, regarding the retirement system's intent to exercise this authority at least 60 days before considering a resolution to make these provisions applicable.

CSAC Position: OPPOSE

AB 946
(Ting)

State public retirement systems: divestiture: border wall construction companies.

Introduced: 2/16/2017

Last Amend: 3/28/2017

Summary: Would prohibit the boards of the Public Employees' Retirement System and the State Teachers' Retirement System from making new investments or renewing existing investments of public employee retirement funds in a border wall construction company, as defined. The bill would require the boards to liquidate investments in a border wall construction company within 12 months of the company contracting or subcontracting to provide work or material for a border wall, as defined.

CSAC Position: PENDING

Personnel Management

AB 52
(Cooper)

Public employees: orientation and informational programs: exclusive representatives.

Introduced: 12/5/2016 – 2 year

Summary: Current law, including the Meyers-Milias-Brown Act, the Ralph C. Dills Act, the Trial Court Employment Protection and Governance Act, the Trial Court Interpreter Employment and Labor Relations Act, and the Los Angeles County Metropolitan Transportation Authority Transit Employer-Employee Relations Act, as well as provisions commonly referred to as the Educational Employment Relations Act and the Higher Education Employer-Employee Relations Act, regulates the labor relations of the state, the courts, and specified local public agencies and their employees. This bill would require the public employers regulated by the acts described above to provide all employees an orientation. The bill would also require these public employers to permit the exclusive representative, if applicable, to participate.

CSAC Position: PENDING

AB 168
(Eggman)

Employers: salary information.

Introduced: 1/17/2017

Summary: Would prohibit an employer, including state and local government employers, from seeking salary history information about an applicant for employment, except as otherwise provided. The bill would require an employer, except state and local government employers, upon reasonable request, to provide the pay scale for a position to an applicant for employment. The bill would specify that a violation of its provisions would not be subject to the misdemeanor provision.

CSAC Position: OPPOSE

AB 387
(Thurmond)

Minimum wage: health professionals: interns.

Introduced: 2/9/2017

Summary: Current law requires the minimum wage for all industries to not be less than specified amounts to be increased from January 1, 2017, to January 1, 2022, inclusive, for employers employing 26 or more employees and from January 1, 2018, to January 1, 2023, inclusive, for employers employing 25 or fewer employees, except when the scheduled increases are temporarily suspended by the Governor, based on certain determinations. Current law defines an employer for purposes of those provisions. This bill would expand the definition of “employer” for purposes of these provisions to include a person who directly or indirectly, or through an agent or any other person, employs or exercises control over the wages, hours, or working conditions of a person engaged in a period of supervised work experience to satisfy requirements for licensure, registration, or certification as an allied health professional, as defined.

CSAC Position: OPPOSE

AB 1008
(McCarty)

Employment discrimination: prior criminal history.

Introduced: 2/16/2017

Last Amend: 5/1/2017

Summary: The bill would, instead, provide it is an unlawful employment practice under FEHA for an employer to include on any application for employment any question that seeks the disclosure of an applicant’s criminal history, to inquire into or consider the conviction history of an applicant until that applicant has received a conditional offer, and, when conducting a conviction history background check, to consider, distribute, or disseminate specified information related to prior criminal convictions, except as provided. Requires an appeal process by the applicant be reviewed for mitigating factors showing rehabilitation that employers must consider prior to denying the applicant the position.

CSAC Position: OPPOSE

SB 63
(Jackson)

Unlawful employment practice: parental leave.

Introduced: 12/22/2016

Last Amend: 4/17/2017

Summary: Would prohibit an employer, as defined, from refusing to allow an employee with more than 12 months of service with the employer, who has at least 1,250 hours of service with the employer during the previous 12-month period, to take up to 12 weeks of parental leave to bond with a new child within one year of the child's birth, adoption, or foster care placement. The bill would also prohibit an employer from refusing to maintain and pay for coverage under a group health plan for an employee who takes this leave. This bill would also prohibit an employer from refusing to hire, or from discharging, fining, suspending, expelling, or discriminating against, an individual for exercising the right to parental leave.

CSAC Position: OPPOSE

SB 771
(De León)

California Environmental Quality Act: continuing education: public employees.

Introduced: 2/17/2017

Summary: Would establish a continuing education requirement for employees of public agencies who have responsibility for overseeing compliance with the California Environmental Quality Act.

CSAC Position: SEEKING AMENDMENTS

Labor Relations/MMBA

AB 1603
(Ridley-Thomas)

Meyers-Milias-Brown Act: local public agencies.

Introduced: 2/17/2017

Summary: This bill would specify the employee's right for the MMBA to include employees who are jointly employed by a public agency and would make clear that a bargaining unit of a public agency and one or more joint employers does not require public agency consent.

CSAC Position: PENDING

Risk Management

AB 1548
(Fong)

Occupational safety and health: penalties.

Introduced: 2/17/2017

Summary: This bill would expand refund opportunities for employers that are fined civil penalties for OSHA violations to include city, county, city and county, district, public authority, public agency, and any other political subdivision, if corrective actions are made in the specified time frame and no future violations are reported during the probation period.

CSAC Position: SUPPORT

Workers Compensation

AB 44
(Reyes)

Workers' compensation: medical treatment: terrorist attacks: workplace violence.

Introduced: 12/5/2016

Last Amend: 4/20/2017

Summary: Would require employers to provide immediately accessible advocacy services to employees injured in the course of employment by an act of domestic terrorism, as defined, when the Governor has declared a state of emergency due to that act of domestic terrorism.

CSAC Position: NEUTRAL

AB 570
**(Gonzalez
Fletcher)**

Workers' compensation: permanent disability apportionment.

Introduced: 2/14/2017

Summary: Current law requires apportionment of permanent disability to be based on causation, and a physician who prepares a report addressing the issue of permanent disability due to a claimed industrial injury is required to address the issue of causation of the permanent disability. Current law requires the physician to make an apportionment determination by finding the approximate percentage of the permanent disability that was caused by the direct result of injury arising out of and occurring in the course of employment, and the approximate percentage of the permanent disability that was caused by other factors both before and subsequent to the industrial injury, including prior industrial injuries. This bill would prohibit apportionment, in the case of a physical injury occurring on or after January 1, 2018, from being based on pregnancy, childbirth, or other medical conditions related to pregnancy or childbirth.

CSAC Position: OPPOSE

AB 1295
(Chu)

Workers' compensation: aggregate disability payments.

Introduced: 2/17/2017

Summary: Current law requires every employer to establish a utilization review process, as described, and establishes an independent medical review process to resolve disputes over a utilization review decision, as specified. Current law requires that aggregate disability payments for a single injury occurring on or after certain dates be limited, as provided. This bill would require that if a denial of treatment requested by a treating physician is subsequently overturned by independent medical review or by the Workers' Compensation Appeals Board, any temporary disability paid or owing from the date of the denial until the treatment is authorized would not be included in the calculation of the aggregate disability payments.

CSAC Position: OPPOSE

Privacy/Identity Theft

AB 241
(Dababneh)

Personal information: privacy: state and local agency breach.

Introduced: 1/30/2017

Summary: This bill would require a state or local agency, if that agency was the source of a personal data breach, to offer to provide appropriate identity theft prevention and mitigation services at no cost to a person whose information was or may have been breached if the breach exposed or may have exposed the person's social security number, driver's license number, or California identification card number.

CSAC Position: OPPOSE

Public Records Act/Brown Act

AB 1479
(Bonta)

Public records: custodian of records: civil penalties.

Introduced: 2/17/2017

Last Amend: 4/27/2017

Summary: Would require public agencies to designate a person or office to act as the agency's custodian of records who is responsible for responding to any request made pursuant to the California Public Records Act and any inquiry from the public about a decision by the agency to deny a request for records. The bill would also establish civil penalties for violations no less than \$1,000 and no greater than \$5,000.

CSAC Position: OPPOSE

SB 184
(Morrell)

Social security number truncation program.

Introduced: 1/25/2017

Last Amend: 3/15/2017

Summary: Current law requires the county recorder of each county to establish a social security number truncation program in order to create a public record version of each official record, in an electronic format, and requires the social security number contained in the record to be truncated, as specified. Current law requires these provisions to apply to official records recorded on or after January 1, 1980, as specified. This bill, for each official record recorded before January 1, 1980, would authorize the county recorder to create a copy of that record in an electronic format and truncate any social security number contained in that record.

CSAC Position: SUPPORT

Public Works/Prevailing Wage

AB 1223
(Caballero)

Construction contract payments: Internet Web site posting.

Introduced: 2/17/2017

Last Amend: 4/18/2017

Summary: Current law imposes specified requirements on state and local agencies regarding payment of construction contracts. This bill would require, within 21 days of making a construction contract payment, a state or local agency that maintains an Internet Web site to post on its Internet Web site the project for which the payment was made, the name of the construction contractor or company paid, the date the payment was made, the payment application number or other identifying information, and the amount of the payment. The bill would exempt construction contracts valued below \$25,000 from these provisions. NOTE: Amendments accepted in Committee will make the measure only apply to state agencies.

CSAC Position: OPPOSE (pending amendments)

Legislative Update
Attachment Ten
CSAC SB 148 (Wiener, Atkins) Support Letter – Cannabis Banking



March 4, 2017

1100 K Street
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California
95814

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916.441.5507

The Honorable Scott Weiner
California State Senate
State Capitol Building, Room 4066
Sacramento, CA 95814

**RE: SB 148 (Weiner, Atkins) – Cannabis Fees: Cash Payments
As Introduced 1/17/17 – SUPPORT**

Dear Senator Weiner:

The California State Association of Counties (CSAC) is pleased to support your SB 148, a measure related to the collection of cash payments from the cannabis industry.

On November 8, 2016, voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA), which legalized the recreational use, cultivation, transport, manufacture and sale of cannabis in California. AUMA also established, among other things, a number of fees, taxes and penalties for various purposes associated with the regulation of cannabis. Despite legalization in California, the cannabis industry has a difficult time obtaining banking services due to conflicting state and federal laws. While cannabis is still considered a Schedule I drug and the Controlled Substances Act (CSA) makes it illegal under federal law to manufacture, distribute, or dispense marijuana, eight states in the U.S. have legalized marijuana for recreational use and 28 states have legalized some form of marijuana for medical use. Because of the difficulty in obtaining bank accounts, marijuana related businesses pay large sums of money in cash to meet tax and fee obligations. This poses great difficulty to the state entities which are responsible for collecting state obligations from these entities.

This bill would enact the Cannabis State Payment Collection Law and would allow the Board of Equalization, or a county, to collect cash payments from cannabis-related businesses for a state agency that administers any fee, fine, penalty, or other charge payable by a cannabis-related business, if that state agency has entered into an agreement with the board or county. The state and local governments are working to develop solutions to California's cannabis banking challenges.

CSAC is a member of the Treasurer's Cannabis Banking Working Group, which is made up of representatives from law enforcement, regulators, banks, taxing authorities, local government and the cannabis industry, and is charged with finding practical and timely ways to address the state-federal conflict. While we are seeking solutions to this challenge, SB 148 would help ease the burden posed by conflicting state and federal laws and allow the state to centralize its cash collecting infrastructure, streamline the locations which have an increased security need, and ensure that California businesses can meet their state financial obligations.

It is for these reasons that we support SB 148. Should you have any questions regarding our position, please contact me at 916-327-7500, ext. 504, or cmartinson@counties.org.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Cara B. Martinson'.

Cara B. Martinson
Legislative Representative & Federal Affairs Manager

cc: The Honorable Toni Atkins

Legislative Update
Attachment Eleven
Broadband Bill List



Broadband: 2017-18 Legislative Session

- AB 854** **California Advanced Services Fund: Chaptering Error Fix.**
(Aguiar-Curry) Introduced: 2/16/2017
Summary: The California Advanced Services Fund (CASF) provides funding for the California Public Utilities Commission (CPUC) to advance broadband infrastructure deployment and adoption in unserved and underserved areas with the goal of providing broadband to 98% of California households. Upon the recommendation of the Office of Legislative Counsel, AB 854 seeks to remedy a chaptering error with the Public Utilities Code Section 281 relative to the CASF.
- AB 928** **California Advanced Services Fund: Timeline Extension.**
(Quirk) Introduced: 2/16/2017
Last Amend: 4/17/2017
Summary: The California Advanced Services Fund intended to reach its goal of broadband deployment to 98% of California households by 2015. This bill would extend that date to “no later than December 31, 2020.”
- AB 1665** **Internet for All Now Act of 2017.**
(Garcia) Introduced: 2/17/2017
Last Amend: 5/2/2017
Summary: This bill would authorize \$330 million over the next five years to be collected under the existing California Advanced Services Fund through the established collection channels. The funding breakdown is as follows: \$300 million for the Infrastructure Account with the goal to achieve 98% deployment in every region, \$20 million for the new Adoption Account to assist low-income households through a coordinated grant program, and \$10 million for Regional Consortia to support continued leadership within each region to close the digital divide.
- SB 460** **California Advanced Services Fund: Timeline Extension.**
(Hueso) Introduced: 2/16/2017
Summary: The California Advanced Services Fund intended to reach its goal of broadband deployment to 98% of California households by 2015. This bill would extend that date to “no later than December 31, 2020.”
- SB 514** **California Teleconnect Fund program: High Speed Requirement.**
(Bradford) Introduced: 2/16/2017
Last Amend: 5/1/2017
Summary: This bill would require broadband services provided at discounted rates from the California Teleconnect Fund (CTF) program to be at a high speed, defined as at least six megabits per second.