



2019 LEGISLATIVE RECAP OF RECENT ACTION BY THE GOVERNOR

The October 13 deadline for Governor Newsom to sign bills has come and gone. Of the 1,042 bills sent to the Governor for review, the Administration has said the Governor signed 870 bills into law.

Governor Newsom grabbed national headlines in recent weeks, signing bills that put California at the forefront of a number of key issues including rent control, dramatic reforms to independent contracting, a bill allowing college athletes to receive compensation, more than 15 bills related to gun control, banning smoking on public beaches, making California the first state to ban the sale and manufacture of new fur products, and a ban on most animals from making circus performances.

In an analysis by CalMatters, Newsom is found to have vetoed bills at higher rate than Governor Brown over the preceding 8 years, denying 16.5% of bills to Brown's 13.5%. Newsom vetoed at a similar rate to Governors Davis and Wilson.

Newsom did sign a number of bills on topics previously vetoed by Governor Brown, including allowing childcare workers to form unions and extending the timeframe for which victims of child sex abuse can sue.

LOCAL GOVERNMENT IMPACTS

From a local government perspective, some of the biggest impacts will be felt in housing, where Newsom signed roughly 20 bills designed to boost housing production and/or develop Accessory Dwelling Units.

Headlining these, Newsom signed SB 330, which temporarily bans cities from imposing a moratorium on new housing construction, prohibits "downzoning" (changing zoning law to outlaw denser housing like apartment buildings), and prevents cities from raising fees during the development approval process.

Newsom vetoed SB 5, which had been called "Redevelopment 2.0," and would have allowed local governments to set aside a portion of property taxes that would otherwise go to public schools and use to fund affordable housing, transit-oriented development and infill projects. Newsom cited cost as the factor, the bill had a \$2 billion price tag.

Beyond housing issues, perhaps the most notable move was the Governor's veto of SB 531, which would have barred a local agency from entering into any agreement that results in a rebate of Bradley-Burns local tax revenues to a retailer in exchange for that retailer locating within that agency's jurisdiction. The League of California Cities supported this bill, along with labor interests, but the Governor vetoed it, calling the agreements "an important local tool," particularly in rural and inland California.

In a win for more than 100 local agencies who participate in the AB 1717 (2014) UUT collection program, the Governor signed SB 344 providing a one-year sunset extension for AB 1717 (2014) which set up a mechanism to capture UUT from prepaid wireless will be done via legislation. MuniServices was a lead stakeholder on the bill and will be developing next steps to ensure these revenues are protected long-term.

Clients are reminded to review the new laws related business licenses. AB 1819 will also allow a requestor to use their own equipment for the purposes of inspecting certain public records. The Governor also signed AB 857 that authorizes local agencies to create and operate publicly owned banks, and AB 116 which authorizes a public financing authority to issue bonds under specified circumstances without submitting a proposal to the voters.

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1) SALES AND USE TAX (PAGE 4)

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- Sales Tax Exemption for Vehicle Modifications:
Veterans with Burn Injuries
(**AB 1257** / Salas) *Signed*
- Exemption for Diapers and Feminine Hygiene
Products / CDTFA Notice
(**SB 92** / Committee on Budget) *Signed*
- State Exemption for California Hybrid Zero Emission
Truck and Bus Voucher Incentive Program
(**AB 784** / Mullin) *Signed*
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- Economic Development Subsidies
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- Property Taxation: Welfare Exemption
(**AB 1743** / Bloom) *Signed*
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- Property Taxation: Welfare Exemption:
Community Land Trust
(**SB 196**/ Beall) *Signed*

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- State Licensing Fee Waivers
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(**AB 498** / Weber) *Signed*
- Large Family Daycare Homes / Business License
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(**SB 601** / Morrell) *Signed*
- Gender Discrimination: Notifications When
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(**AB 1607** / Horvath) *Signed*
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- UUT Collection Mechanism: Prepaid Wireless
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- UUT: Exemption: Clean Energy Resource
(**AB 1208** / Ting) *Signed*
- Water Agencies: Rate Reduction Bonds
(**AB 305** / Nazarian) *Signed*
- Telecommunications: Internet Services Providers
(**AB 1699** / Levine) *Signed*
- Community Isolation Outage: Notification
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- Public Records: Email Retention for Locals: Clarity
(**AB 1184** / Gloria) *Vetoed*
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9) ECONOMIC DEVELOPMENT (PAGE 7)

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13) WATER / MUNICIPAL STORM SYSTEMS (PAGE 8)

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- Safe and Affordable Drinking Water Fund
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(**AB 658**/ Arambula) *Signed*
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(**AB 1093** / Rubio) *Vetoed*

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- Housing Crisis Act of 2019: Permitting Process
(**SB 330** / Skinner) *Signed*
- Persons at Risk of Homelessness: Authorizes a Tenant to Temporarily Permit Occupancy
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- Surplus Land Reports by Cities and Counties
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(**AB 1482**/ Chiu) *Signed*
- SF Bay Area: Housing Development: Financing
(**AB 1487**/ Chiu) *Signed*
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- Major Tax Expenditures: Review
(**SB 468** / Jackson) *Vetoed*
- Open Financial Statements Act
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16) ADDITIONAL ISSUES (PAGE 10)

- Unclaimed Property: Local Government Property
(**AB 1637** / Smith) *Signed*
- Independent Contractors
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- Pedicabs: Sunset Removal
(**SB 543**/ Pan) *Signed*
- Ballot Measures: Local Taxes
(**SB 268**/ Wiener) *Vetoed*
- Local Referenda and Charter Amendment: Withdrawal
(**SB 681**/ Stern) *Signed*
- Tax Recovery in the Underground Economy
(**AB 1296**/ Gonzalez) *Signed*



1) Sales Tax

Sales Tax Exemptions for Remanufactured Trucks: Expands until January 1, 2024 the current state and local sales and use tax exemption for vehicles delivered in California but used in interstate or foreign commerce. CDTFA reports the revenue loss as minimal. The bill includes new, used or remanufactured trucks. California residents who intend to purchase trucks for interstate commerce can obtain an exemption, but they must take delivery of these trucks outside of California and make the first functional use of the truck in interstate or foreign commerce. (AB 321 / Patterson) **Signed**

Sales Tax Exemption for Vehicle Modifications: Veterans with Burn Injuries: Expands a current exemption until July 1, 2030 for items and materials used to modify a vehicle for physically handicapped persons to include veterans with severe burns. (AB 1257 / Salas) **Signed**

State Sales Tax Exemption for California Hybrid Zero Emission Truck and Bus Voucher Incentive Program: A state-only exemption until January 1, 2024 for any zero-emission technology transit buses sold to specified public agencies. AB 784 is supported by several regional transit districts. The CDTFA estimates an annual GF revenue loss of approximately \$914,000. (AB 784 / Mullin) **Signed**

Sales Tax Exemption for Diapers and Feminine Hygiene Products: The State Budget includes a two-year exemption starting January 1, 2020 for diapers and feminine hygiene products. Revenue Impact: Estimated annual revenue losses of approximately \$35 million for diapers, and an annual General Fund revenue loss of \$4.4 million in 2019-20 and \$8.8 million each year thereafter for feminine hygiene products CDTFA Notice: <https://www.cdtfa.ca.gov/formspubs/L695.pdf> (SB 92 / Committee on Budget) **Signed**

Transactions and Use Tax

Santa Cruz and County of Alameda: AB 723 makes three changes to the law to allow Alameda County, and cities in Alameda and Santa Cruz counties more room to impose district taxes under the statutory 2% cap. (AB 723 / Quirk) **Signed**

Transactions and Use Tax Approval: Transportation: Authorizes the San Diego Regional Transportation Commission, the San Diego Association of Governments, the San Diego Metropolitan Transit System and the North County Transit District to impose a TUT applicable to only a portion of their jurisdictions. Recent amendments authorize the Placer County Transportation Planning Agency (excluding the Tahoe Basin), and the Solano Transportation Improvement Agency (specified cities within the unincorporated area of Solano County) to impose a TUT to the entirety or a portion of the County of Placer. (AB 1413 / Gloria) **Signed**

2) E Commerce

Marketplace Sellers: Requirements in Clear Language: Requires marketplaces to effectively communicate with sellers its decision-making process with respect to termination, suspension, or the destruction of the seller's goods. (AB 1790 / Wicks) **Signed**

3) Economic Incentives / Tax Reform

Prohibits Economic Incentives / Applies to New Agreements: Prohibits on or after January 1, 2020 a local agency from entering into any agreement that results in a rebate of Bradley-Burns local tax revenues to a retailer in exchange for that retailer locating within that agency's jurisdiction. The author's office confirmed this can include distribution centers like warehouses. The veto message notes that current use of these agreements are limited, but also an important tool, particularly in rural and inland areas. The message specially notes, "removing these tax options from local decision makers is the wrong approach." (SB 531/ Glazer) **Vetoed**



Economic Development Subsidies: Require locals to disclose specified information to the public before approving a subsidy for a warehouse distribution center. Prohibits a local from signing a nondisclosure agreement regarding warehouse distribution center as part of negotiations or in the contract for any subsidy. (AB 485/ Medina) *Signed*

4) Property Tax

Property Tax Postponement Loans: Lowers the interest rate on these loans to 5%, down from 7%, effective on July 1, 2020. Increases the eligibility from \$35,500 in household income to \$45,000. Applies to homeowners over 62, blind, or disabled who cannot afford to pay their property taxes. (AB 133 / Quirk-Silva) *Signed*

Property Taxation: Welfare Exemption: Provides an exemption for qualified property (new Mello-Roos Community Facility District special taxes), that meets the requirements of the welfare exemption and that is used exclusively for rental housing and related facilities. AB 1743 is joined to SB 330. (AB 1743 / Bloom) *Signed*

Welfare Exemption: Low Income Housing Projects: Existing law exempts from property tax any property used for rental housing and related facilities. This bill decreases the occupant threshold from 90% to 50% and requires that the total exemption amount be prorated based on the percentage of lower income households that occupy the property. (SB 294 / Hill) *Vetoed*

5) Cannabis

Medicinal Cannabis: Donations: No Reimbursement for Local Revenue Losses: Authorizes cannabis licensees to provide free cannabis and cannabis products to low-income medicinal cannabis patients. This bill passed with unanimous support with amendments to clarify cultivators are the only licensees able to designate product as a donation, strengthen protections around diversion, ensure any licensee who commercially sells products marked as donation is subject to penalties and possible license revocation, and other technical amendments. (SB 34 / Wiener) *Signed*

State Licensing Fee Waivers: Requires the state licensing entities to develop and implement a program to provide fee deferrals and/or waivers for local equity applicants and licensees. (SB 595/ Bradford) *Signed*

6) Business License

Business Licensing: Local Exemption for all Services: Veterans: Exempts a veteran who is honorably discharged or honorably relieved from the Armed Forces of the United States and is a resident of this state from paying any local business license fees for a business that sells or provides services if the veteran is the sole proprietor of the business. This bill applies to all cities, including charter cities. (AB 498 / Weber) *Signed*

Family Daycare Homes / Business License Exclusion: Recasts and revises existing law to treat both small and large family day care homes for purposes of regulation by local ordinances. Existing law distinguishes between “large family day care homes” (which provide in-home care for up to 14 children) and “small family day care homes” (which provide in-home care for up to eight children). Existing law prohibits a local jurisdiction from imposing a business license, fee, or tax for operating a small family day-care home. The bill prohibits a locality from prohibiting large family day care homes on lots zoned for single-family dwellings. (SB 234 / Skinner) *Signed*

State Agencies: Reduction or Waiver of Fees: Licenses for Business: Authorizes any state agency that issues any “business license” to establish a process for a person or business that has been displaced or is experiencing economic hardship as a result of an emergency declared by the Governor, to submit an application for reduction or waiver of fees required by the agency to obtain a license, renew or activate a license, or replace a physical license for display. Under the bill “license” includes, but is not limited to, a certificate, registration, or other required document to engage in business. (SB 601 / Morrell) *Signed*

Gender Discrimination: Notifications When Issuing a Business License: Requires a city or county starting January 1, 2021 that issues business licenses to provide written notification when the license is issued with respect to prohibiting gender discrimination. The bill allows for a fee increase for a business license to cover the costs of providing the notice. Requires the Department of Consumer Affairs to develop by October 1, 2020, written notifications for download of the provisions and in various languages. (AB 1607 / Horvath) *Signed*



Stormwater Discharge Compliance: Business Licenses:

Requires when applying for a business license or renewal, a regulated industry to demonstrate enrollment with the National Pollutant Discharge Elimination System (NPDES) permit. Requires a city or county to determine the applicability of any Standard Industrial Classification Code and to confirm that information submitted to demonstrate enrollment and requires the local agency to transfer that information to the State Water Resources Control Board. The bill does not apply to a city or county that does not issue business licenses. (SB 205 / Hertzberg) *Signed*

Optometrists: Home Residence Permit: Business License Requirement:

Prohibits among other provisions an optometrist from engaging in the practice of optometry at any home residence without a home residence permit except for a person engaging in the temporary practice of optometry. The optometrist or employer of the optometrist must meet certain requirements including having a current business license with the city or county in which it is located. (AB 458 / Nazarian) *Signed*

7) Utility Users Tax (UUT) / Utilities

UUT Collection Mechanism: Prepaid Wireless:

Provides a one-year sunset extension from January 1, 2020 to January 1, 2021 for AB 1717 (2014) which set up a mechanism to continue to capture UUT from prepaid wireless services. To-date 104 agencies participate in AB 1717 and have captured so far over \$24 million in UUT revenue. MuniServices and the League of California Cities were lead stakeholders on the bill measure. Please contact Jonathan Gerth at jonathan.gerth@avenuinsights.com for further detail regarding implementation requirements. (SB 344 / McGuire) *Signed*

UUT: Exemption: Clean Energy Resource: Extends the sunset on the exemption from local UUT for electricity generated by a clean energy resource located solely on the customer's premises for use only by that customer until January 1, 2027. As noted in a Committee analysis, the exemption that AB 1208 would extend favors the consumption of renewable electricity produced on-site over utility programs that allow customers to consume renewable energy transmitted through the grid. As a result, property owners with the means to deploy their own renewable energy generation could avoid paying UUTs for electricity from renewable sources but

renters, who can't install on-site renewable generation, must pay the tax. The League opposed the bill. (AB 1208 / Ting) *Signed*

Public Facilities: Water Agencies: Rate Reduction

Bonds: Would expand the definition of a publicly owned utility to include certain utilities furnishing wastewater service to not less than 25,000 customers and would authorize the issue of rate reduction bonds to finance or refinance water or wastewater utility projects. Rate reduction bonds are asset-backed securities that are structured to minimize borrowing costs by qualifying for AAA credit ratings. AAA ratings allow a utility to borrow funds at an interest rate that is well below the rate that would otherwise apply to a utility's long-term debt. (AB 305 / Nazarian) *Signed*

Telecommunications: Internet Services Providers

(ISP): First Response Agencies: Prohibits ISPs from impairing or degrading the lawful Internet traffic of first response agencies during an emergency. This bill authorizes local agencies to request the removal of data restrictions when responding to an emergency and requires the agencies making these requests to notify their respective ISPs once they cease to respond to the emergency. (AB 1699 / Levine) *Signed*

Community Isolation Outage: Notification:

Requires telecommunication services providers to give notification to the California Office of Emergency Services if its telecommunications systems become unable to connect customers to 911 or deliver emergency notices within 60 minutes of the telecommunications service provider discovering the outage. (SB 670/ McGuire) *Signed*

Upgrade to the State's 9-1-1 Emergency Operations

System: Imposes a surcharge for prepaid mobile telephony services at the time of purchase. California now pays for the system with a fee on phone calls. The fund has been losing money as more people send text messages. The program will be administered by the CDTFA and authorizes the OES to impose a fee of as much as 80 cents per month, based on the number of phones used in the state. State officials expect the fee to be about 34 cents per month. In 2017, more than 28 million calls were placed to 9-1-1, representing approximately 77,000 calls per day, an increase of nearly 30 percent since 2010.

<https://www.cdtfa.ca.gov/industry/prepaid-mts-surcharge.htm>. (SB 96 / Senate Budget) *Signed*



Local Agency Utility Services: Service Extensions: This bill requires the estimated reasonable cost of labor and materials for installation of facilities associated with a water or sewer connection to bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the water connection or sewer connection. (SB 646/ Morrell) *Signed*

8) Public Records / Recording Fees

Counties: Recording Fees: Authorizes County Recorders to use an existing \$1 fee until January 1, 2026 for restoration and preservation of Recorder's permanent microfilm, to implement and fund an archive program for permanent preservation of recorded document images. (AB 212 / Bonta) *Signed*

Public Records: Email Retention for Locals: Clarity: Requires local jurisdictions to retain and preserve for at least two years communications, relating to the public's business. According to a fact sheet for the bill, "current law authorizes the destruction of public records after two years, if the legislative body or city attorney determines that the records are no longer of use. However, local jurisdictions have argued that current law is unclear regarding e-mail record retention requirements." (AB 1184 / Gloria) *Vetoed*

Inspection of Public Records: Use of Requester's Equipment: Impact on Locals is Unknown: Clarifies that members of the public have the right to make a copy of a disclosable public record at no charge, as long as the method of duplication does not make physical contact with and would not damage the record. As noted in an analysis, "it is unclear what the costs are to locals due to the non-reimbursable costs under the bill." (AB 1819/ Committee on Judiciary) *Signed*

9) Economic Development

Governor's Office of Business and Economic Development: Would establish the Business Workforce Coordination Unit in the Governor's Office of Business and Economic Development to engage industry and business on alignment of career technical education courses, workforce training programs, and pre-apprenticeship and apprenticeship programs with regional and local labor market demand. (AB 23/ Burke) *Vetoed*

California Recycling Market Development Act: Extends the California Alternative Energy and Advanced Transportation Financing Authority's Sales and Use Tax Exclusion Program until January 1, 2031. A committee analysis notes: "Because SB 93 and AB 90's state-only sales and use tax exemption apply to most of CAEATFA's applicants, almost all of the foregone revenue resulting from extending the program would flow to local agencies but for the extension. It is unclear whether the revenue foregone is sales tax, which would be allocated to the jurisdiction where the equipment is purchased, or use tax, which would flow to the countywide pool in the county where the equipment is used, so it's hard to tell which local agencies are affected. CAEATFA indicates that they will begin collecting this information to quantify local revenue impacts should the program be extended." (AB 1583/ Eggman) *Signed*

Local Government / Infrastructure Financing Districts: Would authorize a public financing authority to issue bonds under specified circumstances without submitting a proposal to the voters. The bill would also require the public financing authority to hold 3 public hearings on an enhanced infrastructure financing plan, as specified. The bill would also make conforming changes. (AB 116/ Ting) *Signed*

10) Consumer Privacy / Impact on Local Government

Consumer Personal Information: Lawfully Available: Relates to what information is covered by the California Consumer Privacy Act (CCPA), specifically what "publicly available information" is not covered by the protections of the Act. Fixes the definition of "publicly available information" by striking unconstitutional restraints on further dissemination but maintains the definition as information "lawfully made available from federal, state, or local government records." The changes to the CCPA do not modify the California Public Records Act (CPRA). A city will still be able to disclose, redact, or deny a disclosure request under the CPRA and its various exemptions, as they do today. The author's office notes: "A city may wish to be more cognizant of what they disclose or choose not to redact, as the CCPA will not be available to consumers who wish to control the further dissemination of that information, but that is not necessarily a new consideration for a city as there has historically been no recourse for an individual whose information was lawfully disclosed pursuant to a CPRA request." The bill is joined with AB 1355. (AB 874 / Irwin) *Signed*



11) Transportation Projects and Funds

Federal Transportation Funds: State Exchange

Programs: SB 137 will allow the respective state and local agencies to reduce the cost of transportation projects and provide for more projects to be completed with the same amount of revenue by expanding the Match Exchange Program to other federal surface transportation programs where federal funds are allocated to local agencies, specifically the Highway Safety Improvement Program, and local bridge projects." (SB 137 / Dodd) *Signed*

Road Maintenance and Rehabilitation Program:

Makes clarifications to SB 1 (Beall) that annually provides \$200 million to the Local Partnership Program (LPP) which translates to \$1 billion every five years that is provided to entities that have passed local sales tax measures dedicated to transportation projects. Proposition 1B in 2006 implemented the LPP primarily on a formula basis. This bill includes provisions to allow local and regional agencies to work closely with California Transportation Commission to distribute and allocate LPP funds in the most effective manner to meet regional priorities. (SB 277/ Beall) *Vetoed*

12) Parking / Safe Parking

Parking Penalties: Excludes the amount of late fees and penalty assessments from being counted in determining the indigent person's eligibility for an unpaid parking ticket payment plan. (AB 833 / Lackey) *Signed*

Safe Parking Program: The proposal requires until June 1, 2027 a city and county with a population greater than 330,000, in coordination with local non-profits to establish a safe parking program that provides safe parking locations and options for individuals and families living in their vehicles. Jurisdictions that meet or exceeds the requirements of the bill do not have to adopt a safe parking program. Requires a program to provide a bathroom facility and onsite security and for the parking programs be developed and implemented by June 1, 2022. (AB 891 / Burke Version) *Vetoed*

Electric Vehicles: Parking Requirements: Requires a parking space served by electric vehicle supply equipment and a parking space designated as a future electric vehicle charging space to be counted as at least one standard automobile parking space for the purpose of complying with any applicable minimum parking

requirements established by a local jurisdiction. Requires an accessible parking space with an access aisle serviced by electric vehicle supply equipment. (AB 1100/ Kamlager-Dove) *Signed*

13) Water / Municipal Storm Systems

Drinking Water: Extension of Services: Improves the existing process under which the State Water Resources Control Board may mandate extension of safe drinking water service, particularly as applied to communities and households served by domestic wells. Includes a deadline of July 1, 2020 for the SWRCB to develop a policy for a process for members of a disadvantaged community to petition for consolidation. According to the author, "the State made great progress in ensuring access to clean drinking water for small disadvantaged communities by passing AB 2501 from 2018. AB 508 builds on our progress by improving transparency and efficiency in the ordered consolidation or extension of service process." (AB 508/ Chu) *Signed*

Safe and Affordable Drinking Water Fund: Will help fund local water systems. Establishes the Safe and Affordable Drinking Water Fund (SADWF) to help water systems provide an adequate and affordable supply of safe drinking water in both the near and the long term. Beginning in fiscal year 2020- 21 and until June 30, 2030, transfers to the Fund five percent of the proceeds of the Greenhouse Gas Reduction Fund (GGRF) up to \$130 million. (SB 200 / Monning) *Signed*

Water Rights: Water Management: Allows groundwater sustainability agencies or other local agencies to apply to the State Water Resources Control Board (State Water Board) for temporary five-year permits to divert and store groundwater during high-flow events. (AB 658/ Arambula) *Signed*

Municipal Storm Sewer Systems: Requires the State Water Resources Control Board by July 1, 2020, to establish financial capability assessment guidelines for municipal separate storm sewer system permittees that are adequate and consistent when considering the costs to local jurisdictions. (AB 1093 / Rubio) *Vetoed*



14) Selected Housing Measures

Affordable Housing: Establishes an ongoing funding mechanism that would direct up to \$2 billion annually in support of local infill, transit-oriented development, affordable housing and neighborhood revitalization projects. MuniServices supported SB 5. (SB 5 / Beall) *Vetoed*

Housing Crisis Act of 2019: Changes permitting process for housing projects in affected cities and counties over the next five years. Bans project-specific fees. Developers would have up to 2 1/2 years to begin construction and not be subject to any new fee. Applies to those cities and counties that are experiencing a “housing crisis.” (SB 330 / Skinner) *Signed*

Surplus Land Reports by Cities and Counties: Requires each city and county to report to the state Department of Housing and Community Development (HCD) an inventory of its surplus lands located in urbanized areas or urban clusters, as specified. Requires HCD to provide this information to the state Department of General Services (DGS) for inclusion in a digitized inventory of state surplus land sites. (AB 1255/ Rivas) *Signed*

Tenant Protection Act: Places an upper limit on annual rent increases: 5% plus inflation. Landlords must have and state a just cause to evict tenants who have occupied the premises for a year. Both the rent cap and the just cause provisions are subject to exemptions including, among others: housing built in the past 15 years, single family residences unless owned by a real estate trust or a corporation. The bill sunsets after ten years and does not pre-empt any local rent control or just cause ordinances. (AB 1482/ Chiu) *Signed*

San Francisco Bay Area: Housing Development: Financing: Authorizes the authority to raise and allocate new revenue, incur and issue bonds and other indebtedness, and allocate funds to the various cities, counties, and other public agencies and affordable housing projects within its jurisdiction to finance affordable housing development projects as well as fund tenant protection programs. (AB 1487/ Chiu) *Signed*

Persons at Risk of Homelessness: Until January 1, 2024, permits a tenant, at the discretion of the landlord or owner of the property, to allow the occupancy of their dwelling unit by a person who is at risk of

homelessness for a maximum of 12 months, and identifies the legal protections and processes that govern an agreement for such an arrangement. (AB 1188/ Gabriel) *Signed*

Accessory Dwelling Units (ADU): SB 13 would authorize the creation of ADUs in areas zoned to allow single-family or multifamily dwelling residential use. Under the bill, an ADU may be attached to, or located within, an attached garage and prohibits a local agency from requiring the replacement of parking spaces if a garage, carport, or covered parking is demolished to construct an ADU. AB 68 amends state-wide standards and prohibits minimum lot size requirements. AB 811 would prohibit a local agency from requiring a property owner live in the main house and includes other requirements. AB 671 would require a local government to include a plan in their housing element to incentivize and promote the creation of accessory dwelling units (ADUs) that can be offered at an affordable rent for very-low, low-, and moderate-income households. AB 587 would allow for an ADU to be sold or conveyed separately from the primary residence to a qualified buyer under certain circumstances. (SB 13/ Wieckowski, AB 68/ Ting, AB 881 / Bloom, AB 587/ Friedman, and AB 671/ Friedman) *Signed*

15) Budget Reserves / Tax Expenditure Review

Tax Expenditures: Information: Requires any bill, introduced on or after a specified date and that would authorize a personal income or corporation tax expenditure to contain specified goals, purposes, and objectives, and sales and use tax exemptions. Provides that any unauthorized use of any taxpayer information collected is punishable as a misdemeanor. (AB 263/ Burke) *Signed*

Major Tax Expenditures: Review: Creates a non-partisan Tax Expenditure Review Board to determine assessments of major tax expenditures programs. The bill chooses tax credits and sales tax exemptions that have no metrics of efficacy associated with them, no sunset provision, and result in reductions of tax receipts of greater than \$10 billion over 10 years. (SB 468 / Jackson) *Vetoed*



Open Financial Statements Act: Creates the Open Financial Statement Commission and requires it to report to the Legislature regarding how to transition state and local agencies' financial reporting to a machine readable format. SB 598 would provide more transparency for critical accounting documents. Currently, CAFRs are provided in a PDF format. The bill would repeal the Open Financial Statements Act as of January 1, 2025. (SB 598/ Moorlach) *Vetoed*

16) Additional Issues

Pedicabs

Pedicabs: Sunset Removal: Removes the January 1, 2020 sunset date on the law authorizing individuals on a pedicab to consume alcohol on the pedicab. While these bikes began operating in California prior to 2015, riders were prohibited from drinking on them because of the state's open container laws. SB 530 from 2015 authorized individuals to drink on the bikes so long as they were authorized by local ordinance or resolution and met certain safety conditions. (SB 543/ Pan) *Signed*

Local Ballot Measures

Ballot Measures: Local Taxes: Perm its proponents of a local initiative, or a local jurisdiction submitting a local ballot measure, that imposes or increases a tax with more than one rate, or authorizes the issuance of bonds, to choose to include in the ballot label either the estimate of the amount of money to be raised annually and the rate and duration of the tax levied in accordance with existing law or the phrase "See voter guide for tax rate information." (SB 268/ Wiener) *Vetoed*

Local Referenda: Withdrawal: Authorizes the proponent of a county, municipal, or district referendum to withdraw the referendum at any time before the 88th day before the election, whether or not the petition has already been found sufficient by the elections official. (SB 681/ Stern) *Signed*

Underground Economy / Tax Gap

Tax Recovery in the Underground Economy: Expands the membership and duties of the Joint Enforcement Strike Force on the Underground Economy. The bill would establish the Tax Recovery in the Underground Economy Criminal Enforcement Program in the

Department of Justice to combat underground economic activities through a multiagency collaboration to, among other things, pool resources, collaborate and share data, prosecute violations, and recover state revenue lost to the underground economy. The Department of Justice, the California Department of Tax and Fee Administration, and the Franchise Tax Board is added to the required membership. Other agencies outlined in the bill will be allowed to participate in the pilot program. (AB 1296/ Gonzalez) *Signed*

Unclaimed Property

Unclaimed Property: Local Government Property: Permits property reported to, and received by, the Controller in the name of a state or local agency, as defined, to be transferred by the Controller directly to that agency without the filing of a claim. (AB 1637 / Smith) *Signed*

Independent Contractors

Independent Contractors: States the intent of the Legislature to codify the decision in the case of *Dynamex Operations West, Inc. V. Superior Court of Los Angeles* and clarify its application. Provides that a person providing labor or services for remuneration shall be considered an employee rather than an independent contractor unless the hiring entity demonstrates otherwise. Examples of groups that can maintain their independent contractor status includes doctors, real estate agents, and hairdressers. Truckers, commercial janitors, nail salon workers and gig economy workers will be treated as employees under AB 5. Shortly before AB 5's final vote three major gig employers vowed to commit at least \$90 million to pass a California ballot measure next year. (AB 5/ Gonzalez) *Signed*

Please refer to <http://leginfo.legislature.ca.gov/> for bill information.