SWCLC Southwest California Legislative Council

A Coalition of
The Temecula Valley, Murrieta, Lake Elsinore Valley and Wildomar Chambers of Commerce

MEETING AGENDA
Monday, March 18, 2013

Ortega Adult School Multipurpose Room (West End)
520 Chaney Street, Lake Elsinore, CA 92530

Presiding: Dennis Frank, Chair

2013 Strategic Initiatives
Budget & Tax Reform / Job Creation and Retention / Healthcare Reform

Call to Order, Roll Call & Introductions:

Chair Report

Agenda Items

1. **Approval of February 2013 Meeting Minutes** — **Action**

2. **Legislative Report #3** — **Action**

   1. **SB641 (Anderson) Corporation taxes: minimum franchise tax: exemptions**
   2. **AB1203 (Gorrell) Taxation: interest: penalties.**
   3. **AB152 (Yamada) Unemployment: Self-Employment Assistance Program.**
   4. **SB626 (Beall) Workers' compensation.**
   5. **SB33 (Wolk) Infrastructure financing districts: voter approval: repeal**
   6. **SB731 (Steinberg) Environment: California Environmental Quality Act and sustainable communities strategy**
   7. **S.344 (Wicker) A bill to prohibit the Administrator of the Environmental Protection Agency from approving the introduction into commerce of gasoline that contains greater than 10-volume-percent ethanol, and for other purposes.**
   8. **California Community Events Alliance- Saving Our Events**

3. **Update on Ontario Airport local control** — **Information**

4. **Regional Legislator, Staff and Stakeholder Updates** — **Information**

   Federal: Senators Feinstein & Boxer. Representatives Calvert & Hunter

   State: Governor Brown, Senators Emmerson, Anderson & Roth, Assemblymembers Melendez, Waldron, Jones & Nestande

   Local: County, Cities, Utilities, EDC, Healthcare, League of Cities

5. **Chamber & Council Member Announcements** — **Information**

6. **Lunch Sponsor** — **Eat There**

Adjourn – Next meeting April 15, 2013

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Southwest California Legislative Council

Murrieta Chamber of Commerce
Temecula Valley Chamber of Commerce
Lake Elsinore Chamber of Commerce
Wildomar Chamber of Commerce
Meeting Minutes
February 25, 2013

Legislative Consultant:	Gene Wunderlich
2013 Chair:	Dennis Frank, D.R. Frank & Associates
Directors Attendance:	Steve Amante, Amante & Associates Alex Braicovich, CR & R, Inc Glen Daigle, Oakgrove Equities Jeff George, Superior Quality Construction Isaac Lizarraga, Rancho Ford Lincoln Tony Lopicolo, LoPiccolo Consulting Don Murray, Commerce Bank of Temecula Valley Shaura Olsen, Walmart Karie Reuther, The David Reuther Vocal Studio Joan Sparkman Tommy Thompson, Building Industry Association Gary Thornhill, Tierra Verde
Directors Absent:	Nicole Albrecht, Financial Accounting Services Judy Guglielmana, Town & Country Real Estate
Council Guests:	Andrew Abeles, Coldwell Banker Residential Brokerage Patty Arlt, Metropolitan Water District Cathy Barrozo, City of Lake Elsinore Jeremy Goldman, Southern California Edison Dale Hite, Integrity Pro. Real Estate Deni Horne, Assemblywoman Melissa Melendez 67th District Christine Iger, Iger & Associates Natasha Johnson, City of Lake Elsinore John Kelliher, Grapeline Wine Tours Aaron Lloyd, Sunset One Escrow Amy McGuinness, Navy Federal Credit Union Jami McNees, Temecula Insurance Services Jolyn Murphy, Congressman Ken Calvert Myles Ross, New Creation Church Maggie Sleeper, Senator Joel Anderson Tom Stinson, Assemblywoman Marie Waldron 25th District Barbara Thomas, Keena Thomas Communications Allison Tilton, Reid & Hellyer APC Rodger Ziemer, RC Ziemer & Associates

Staff Present: Kim Cousins, Michelle Simon-Lake Elsinore Valley Chamber of Commerce
Alice Sullivan, Laura Turnbow – Temecula Valley Chamber of Commerce
Patrick Ellis– Murrieta Chamber of Commerce

Meeting called to order at: 12:10 by Chairman Dennis Frank

1. Approval of Minutes Action

Directors reviewed the Minutes from the January 28, 2013 meeting. **The motion was made to approve the minutes as written. The motion was seconded and carried by a unanimous vote.**

2. Legislative Report #2 Action

1. AB 116 (Bocanegra) Land use: subdivision maps: expiration dates

Following discussion, the motion was made to SUPPORT AB 116. The motion was seconded and carried by a unanimous vote.

2. AB 218 (Dickinson) Employment applications: criminal history

Following discussion, the motion was made to OPPOSE AB 218. The motion was seconded and carried by a unanimous vote.

3. AB 223 (Olsen) Civil actions: disabled access

Following discussion, the motion was made to SUPPORT AB 223. The motion was seconded and carried by a unanimous vote.

4. SB 121 (Evans) Corporations: political activities: shareholder disclosure

Following discussion, the motion was made to OPPOSE SB 121. The motion was seconded and carried by a unanimous vote.

5. Lockhead Martin F-35 Lightning II Program

Following discussion, the motion was made to SUPPORT F-35. The motion was seconded and carried by a unanimous vote.

3. Wine Country Vision 2020 John Kelliher Information

Introduced his wine country presentation, in regards to the revisions the County Board of Supervisors are considering to the CV Zone. The County is currently considering changing the zone, allowing schools to reside in the Wine Country. If county allows this revision, it could affect the wineries, jobs and alter the activities that are allowed to be conducted in the region and serious impact the Wine Country. Following discussion, the motion was made to write a letter of support-to maintain the CV zoning as it already exists. The motion was seconded and carried by a unanimous vote.

4. Regional Legislator, Staff and Stakeholder Updates Information

Congressman Ken Calvert

Report by Jolyn Murphy – District Director

Jolyn said that they had the opportunity to meet with all 9 cities under their jurisdiction and hear each of their priorities. Friday March 1st is the deadline for sequestration. Congressman would like a deal so that sequestration does not happen but he has informed the cities that it will most likely happen. With sequestration there will be an $85 billion dollar cut that will serious impact military operations and will

have an large impact on So. California. It will mean a $1.1 trillion dollar cut over the next decade that will affect only non-entitlement programs.

Senator Joel Anderson
Report by Maggie Sleeper – District Director
Senator Anderson introduced a new bill - SB554 which exempts employees of 24 hour non medical care facilities from some of the standard overtime rules while still providing the employees protection from working over a 12-15 hour shift. The Senator also sent a letter to the Department of Toxic Substance Control, in regards to what's happening in the City of Wildomar with the soil issue in Autumnwood Tract.

Assemblywoman Melissa A. Melendez
Report by Deni Horne
Assemblywoman introduces her first bill AB526,(the California Military Relief Act) providing financial relief to families with active duty personnel. Assemblywoman has also introduced AB579 (sex offenses against children) and AB718 (state sales tax holiday), both bills are part of her first bills addressing issues brought form in her campaign. Assemblywoman is also concerned with the soil issue in Wildomar and she is asking the Department of Toxic Substance Control to do some additional testing at the Autumnwood Tract in Wildomar.

Assemblywoman Marie Waldron
Report by Tom Stenson
Extended an invitation to the board to attend an open house that they will be having on March 8th at 3-6PM, located at 350 W. 5th Ave., Ste #110 Escondido.

City of Lake Elsinore
Report by Cathy Barozzo
The City of Lake Elsinore will review the City's budget the first week of March. This year mark the City's 125th anniversary and April 9th the actual day of the city's incorporation, there will be a council meeting with ceremonial presentations and a birthday cake to celebrate. Frontier days will be going on April 11-14th. at La Laguna Resort and Boat Launch the 11th also marks the beginning of the 20th Season for the Lake Elsinore Storm. The City of Lake Elsinore will have a booth at the Fred Hall Show at the Long Beach Convention Center, promoting tourism during the week of March 6th. The City will also be attending ICSC RECON 2013 in Las Vegas in May.

Metropolitan Water District
Report by Patty Arlt
Save the Date May 17, 18, & 19th- is the Annual Solar Boat Race with over 900 hundred high schools students participating. The EIR on the bay-delta conservation plan which is designed to ensure a steady and secure source of water from the delta is forthcoming. The Dept. of Water Resources has ordered a cutback of 700 acre feet of water since December.

Southern California Edison
Reported by Jeremy Goldman
Jeremy introduced himself to the Board Members as the new Region-Manger Local Public Affairs.

5. Chamber & Council Member Announcements Information

Lake Elsinore Valley Chamber of Commerce
Report by Kim Joseph Cousins
The Lake Elsinore Valley Chamber of Commerce will be hosting their luncheon at the Diamond club in Lake Elsinore on March 28th at 11:30AM. Topic: "A Conversation With Our New City Manager Grant Yates". The Lake Elsinore Valley Chamber of Commerce is having their first quarterly mixer of the year, hosted by Lake Elsinore Storm Baseball on March 28th @ 5:30PM at the Diamond Club.

Murrieta Chamber of Commerce
Report by Patrick Ellis

The Murrieta Chamber of Commerce will be having a ribbon cutting for Oak Grove Gym on March 7th at 3:00PM. Also the same night they will be having their First Thursday networking mixer hosted at The Assistance League of Temecula Valley on March 7th at 5:30PM. Murrieta Chamber of Commerce would like to thank everyone for making their Forty under Forty event a great one.

Temecula Chamber of Commerce
Report by Alice Sullivan
The Temecula Chamber of Commerce will be hosting their 47th Annual Awards Gala on March 2nd at 5:30PM. Location: Pechanga Resort and Casino in Temecula.

6. Lunch Sponsor Lake Elsinore Hotel & Casino Eat There

Motion to Adjourn at 1:32 P.M.

Legislative Report Item 1 **Action Item**

SB641 (Anderson) Corporation taxes: minimum franchise tax: exemptions

Recommended action: SUPPORT
Presentation: Gene Wunderlich

Background:

The Corporation Tax Law provides that all banks and corporations subject to tax and not otherwise exempt shall pay annually a minimum franchise tax of $800, except as specified. Unless expressly exempted by this part or the California Constitution, subdivision (a) shall apply to each of the following:

(1) Every corporation that is incorporated under the laws of this state.

(2) Every corporation that is qualified to transact intrastate business in this state pursuant to Chapter 21 (commencing with Section 2100) of Division 1 of Title 1 of the Corporations Code.

(3) Every corporation that is doing business in this state.

"Qualified new corporation" means a corporation that is incorporated under the laws of this state or has qualified to transact intrastate business in this state, that begins business operations at or after the time of its incorporation and that reasonably estimates that it will have gross receipts, less returns and allowances, reportable to this state for the taxable year of one million dollars ($1,000,000) or less. "Qualified new corporation" does not include any corporation that began business operations as a sole proprietorship, a partnership, or any other form of business entity prior to its incorporation. This subdivision shall not apply to any corporation that reorganizes solely for the purpose of reducing its minimum franchise tax.

This subdivision shall not apply to any corporation that reorganizes solely for the purpose of avoiding payment of its minimum franchise tax.

This subdivision shall become inoperative for taxable years beginning on or after January 1, 2018

Summary:

This bill would exempt from the minimum franchise tax a qualified new corporation, as defined, for its first 4 taxable years. This bill would take effect immediately as a tax levy

Supporting: None on file.

Opposing: None on file.

Status: Referred to Senate Governance & Finance

Legislative Report Item 2 **Action Item**

AB1203 (Gorrell) Taxation: interest: penalties.

Recommended action: SUPPORT
Presentation: Gene Wunderlich

Background:

The Franchise Tax Board's response to the December 2012 appellate court decision in *Frank Cutler v. Franchise Tax Board* has caused a media frenzy, and lawmakers aren't shying away. This week, 38 California legislators signed a letter to FTB Executive Officer Selvi Stanislaus, criticizing her agency's response to the *Cutler* decision.

The court ruled that California's qualified small business stock statutes are unconstitutional because they treat in-state and out-of-state businesses differently. Before the holidays, the FTB decided that the remedy to this decision was to retroactively assess taxpayers (back to the 2008 taxable year) who claimed any qualified small business stock incentives.

In response to a letter sent to Ms. Stanislaus by Senator Ted Lieu, Board of Equalization Chairman and FTB Member Jerome Horton defended FTB staff. In his February 1 letter to Senator Lieu, Mr. Horton wrote: "Undeniably, the power to make any changes to the law must originate from the Legislature, not from an administrative agency such as the FTB."

The FTB's decision to apply the *Cutler* decision retroactively has turned out to be a public relations disaster. Letter after letter has been sent to the FTB, lawmakers, and the three-member FTB by taxpayers, practitioners, business groups and other organizations.

The latest letter, signed by a bipartisan group of lawmakers, was initiated by Assemblyman Henry Perea (D-Fresno), and follows similar letters and statements from Senator Lieu (D-Torrance), Assemblyman Bob Wieckowski (D-Fremont) and Board of Equalization Member George Runner. The bipartisan letter points out: "Under no circumstances is FTB required to issue retroactive QSBS assessments going back to 2008. That is simply not true and there is nothing in the *Cutler* case – or any other we are aware of – that says so. FTB staff chose to do so for whatever reason. There is just no getting around it."

George Runner, member of the California Board of Equalization explains that the Second District Court of Appeal's decision in *Cutler v. Franchise Tax Board* does not require FTB to take this action. He warns that it "sends entirely the wrong message to investors, entrepreneurs and job creators doing business in our state."

He later elaborated in an interview that the decision in effect told taxpayers, "You can't depend on our rules, because we may change them, and if we change them, we're going to come back and get you later for the rules that you followed."

The Sales and Use Tax Law imposes a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. That law requires the payment of penalties and interest on a failure to timely pay taxes, from the date on which those amounts became due and payable to the state until the date of payment. That law authorizes the State Board of Equalization, in its discretion, to relieve all or any part of those amounts imposed under specified circumstances.

(2) Under existing law, the Franchise Tax Board administers the Personal Income Tax Law and the Corporation Tax Law. Those laws impose penalties and interest upon taxpayers, as specified in those laws.

Summary:

This bill would provide that interest and penalties shall not be assessed against any person for failure to make payments of any taxes imposed under the Sales and Use Tax Law if the tax is required to be collected because of a court decision invalidating a statute, upon which the taxpayer relied, as unconstitutional, as provided.

This bill would provide, for taxable years beginning on or after January 1, 2014, that penalties and interest shall not be assessed against any taxpayer with regard to any additional tax, as defined, if the additional tax is required to be collected pursuant to a court holding, made on or after January 1, 2014, that invalidates a provision, upon which the taxpayer relied, as unconstitutional, as provided.

Notwithstanding any other law, on or after January 1, 2014, interest and penalties shall not be assessed against any person for failure to make payments of any taxes imposed under this part if all of the following apply:

(a) The tax is required to be collected from the taxpayer due to a court holding that a statute is unconstitutional.

(b) The taxpayer relied on that statute when calculating the amount of tax due.

(c) The tax is paid by the taxpayer within 60 days after the board sends a notice of determination to the taxpayer relating to the tax now required to be collected.

Supporting: None on file.

Opposing: None on file.

Status: Referred to Assembly Revenue & Taxation

AB152 (Yamada) Unemployment: Self-Employment Assistance Program.

Recommended action: OPPOSE
Presentation: Gene Wunderlich

Background:

Existing law provides for the payment of unemployment compensation benefits during the period that a person is unemployed. Existing law imposes various requirements on the payments of benefits, including work search requirements. Existing law also establishes retraining programs for unemployed workers. Prior law, enacted in 1994 and repealed in 2005, established the Self-Employment Assistance Program for displaced workers.

Summary:

AB 152 seeks to resurrect the Self Employment Assistance (SEA) Program to allow unemployed individuals to collect benefits from the Unemployment Insurance Trust Fund for engaging in undefined 'self employment assistance activities' in order to start their own business. In 1994 – the only year in which California operated an SEA Program – California's Program yielded no participants successful in starting their own business but required a significant investment of resources.

This bill would establish a similar Self-Employment Assistance Program, to be administered by the Director of the Employment Development. The bill would provide for a weekly allowance for participants equal to regular unemployment benefits, subject to various limits, and would impose various eligibility requirements upon participants, and would waive requirements relating to job search and self-employment, as specified.

The proposed program will be costly because of the functions necessary to develop and maintain it, such as developing regulations, outreach, maintenance, reporting and documentation. While the participants receive the same amount of benefits they would have received from the regular UI program, the administration costs of the program must be shifted from other areas of the UI program administration to create new functions and provide services to a unique set of beneficiaries.

The bill lacks necessary controls to prevent fraud and abuse. Self employment assistance activities are not defined nor are these activities required to be designed to help lead to a successful business. The bill does not require any particular activity, documentation or verification in order to qualify for the program. Furthermore, it waives the requirement to look for work and be available for work. The bill makes it clear that training is not required for program participants and is optional.

While we all support the entrepreneurial spirit, studies suggest that as many as 40% of new businesses fail in their first year - and one of the leading causes is inadequate initial capitalization. This measure, if enacted, could leave a substantial number of program participants worse off than if they pursued more stable employment.

(a) The requirements relating to availability for work, active search for work, and refusal to accept work shall not apply to any week that the individual is in training or engaged in self-employment activities as approved by this article.

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An individual is eligible to be paid a self-employment assistance allowance if he or she meets all of the following conditions:

(a) Is eligible to receive regular unemployment compensation under state law.

(b) Has been identified pursuant to an automated profiling system as likely to exhaust regular unemployment compensation.

(c) Has been approved for participation in the Self-Employment Assistance Program by the director.

(d) Is engaged on a full-time basis in self-employment assistance activities, which may include, but not be limited to, entrepreneurial training, business counseling, and technical assistance related to establishing a business and becoming self-employed.

Supporting: None on file.

Opposing: None on file.

Status: Referred to Assembly Insurance

Legislative Report Item 4 **Action Item**

SB626 (Beall) Workers' compensation.

Recommended action: OPPOSE
Presentation: Gene Wunderlich

Background:

Existing law establishes a worker's compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of his or her employment. Existing law generally provides for the reimbursement of medical providers for services rendered in connection with the treatment of a worker's injury. Existing law authorizes, with some exceptions, the employee to be treated by a physician of his or her own choice or at a facility of his or her own choice after 30 days from the date the injury is reported. Existing law prohibits a chiropractor from being the treating physician after the employee has received the maximum number of chiropractic visits.

- This bill would delete that provision and would instead provide that a physician, as defined, may remain the patient's primary treating physician even if additional treatment has been denied as long as the physician complies with specified reporting requirements.

Existing law requires an employer to establish a medical treatment utilization review process and, in this regard, prohibits any person other than a licensed physician from modifying, delaying, or denying requests for authorization of medical treatment for reasons of medical necessity to cure and relieve. Existing law also provides for an independent medical review process to resolve disputes over a utilization review decision for injuries occurring on or after January 1, 2013, and for any decision that is communicated to the requesting physician on or after July 1, 2013, regardless of the date of injury.

- This bill would revise these provisions to require that medical treatment utilization reviews and independent medical reviews be conducted by physicians or medical professionals, as applicable, who hold the same California license as the requesting physician. The bill would delete the requirement that independent medical review organization keep the names of the reviewers confidential in all communications with entities or individuals outside the independent medical review organization.

Existing law prohibits a workers' compensation administrative law judge, the appeals board, or any higher court from making a determination of medical necessity contrary to the determination of the independent medical review organization.

- This bill would delete that provision.

Existing law provides certain methods for determining workers' compensation benefits payable to a worker or his or her dependents for purposes of permanent partial disability and permanent total disability for injuries occurring on or after January 1, 2013. Existing law requires that the nature of the physical injury or disfigurement, the occupation of the injured employee, and his or her age at the time of injury be taken into account in determining the percentages of permanent partial disability or permanent total disability. Existing law, with some exceptions, prohibits increases in impairment ratings for sleep dysfunction, sexual dysfunction, or psychiatric disorder, or any combination thereof, as specified.

- This bill would delete the prohibition on increases in impairment ratings for psychiatric disorder and would make related changes.

Summary:

Last year, labor unions and employers came together to reform California's workers' compensation system in SB 863 (SWCLC had not position on that bill). The goal of this reform package was to provide injured workers with needed benefit increases, but offset these increased costs by closing certain loopholes and making California's workers' compensation system operate more efficiently with fewer disputes and litigation. The reforms achieved this balance – injured workers are guaranteed nearly $1 billion in benefit increases, while employer costs are projected to be reduced after regulatory implementation of system reforms. The proposals contained in this reform were forged and vetted by representatives of both labor and employers through a multi-year process of research, discussion and extensive negotiations.

According to CalChamber, SB 626 eliminates the entire balance of the deal and would erase hundreds of millions of dollars in projected savings. Specifically, SB 626 would roll-back reforms dealing with timely, high-quality medical treatment and a more predictable – and less litigious – permanent disability system. SB 626 assaults the reforms on many fronts:

- It eliminates the cornerstone cost saving provision contained in SB 863 – independent medical review (IMR). Under SB 626, IMR decisions would be fully appealable to the WCAB taking medical necessity decisions away from physicians and putting them back in the hands of judges. It would also result in treatment delays for injured workers. The savings associated with IMR are estimated at around $400 million.
- It repeals a provision in SB 863 that eliminates impairment ratings for psychiatric add-ons in some, but not all, cases. Numerous data driven analyses demonstrated applicant attorneys had excessively abused this add-on to artificially inflate permanent disability ratings.
- It repeals a provision in SB 863 that prohibits a chiropractor from being a primary treating physician once the maximum number of chiropractic treatments have been received.
- It unnecessarily limits utilization review and independent medical review by requiring that the reviewing physician hold the same license as the physician requesting treatment. Current law requires reviewers to be competent to evaluate the specific clinical issues involved in the medical treatment and utilize relevant, evidence-based medical treatment guidelines, which are not state-specific.

SB 626 leaves California employers worse off than they were before the reforms.

Supporting: None on file.

Opposing: CalChamber.

Status: Referred to Senate Labor Relations

Legislative Report Item 5	**Action Item**

SB33 (Wolk) Infrastructure financing districts: voter approval: repeal

Recommended action: OPPOSE
Presentation: Gene Wunderlich

Background:

Cities and counties can create Infrastructure Financing Districts (IFDs) and issue bonds to pay for community scale public works: highways, transit, water systems, sewer projects, flood control, child care facilities, libraries, parks, and solid waste facilities. To repay the bonds, IFDs divert property tax increment revenues from other local governments -- but not schools -- for 30 years (SB 308, Seymour, 1990).

Unlike the property in former redevelopment project areas, the property in an IFD doesn't have to be blighted, but an IFD can't overlap a redevelopment project area. The Legislature has declared, but not required, that IFDs should include substantially undeveloped areas.

To form an IFD, the city or county must develop an infrastructure plan, send copies to every landowner, consult with other local governments, and hold a public hearing. Every local agency that will contribute its property tax increment revenue to the IFD must approve the plan. Once the other local officials approve, the city or county must then get the voters' approval.

Senate Bill 33 updates an existing financing mechanism for public works projects, while incorporating rigorous accountability measures to ensure local government diligence, positive project results, and healthier community development. SB 33 recognizes the potential for infrastructure financing districts to implement SB 375's (Steinberg, 2008) sustainable communities strategy and the benefits of rehabilitating brownfields from hazardous waste.

Local officials use tax increment financing to divert part of the property tax revenue stream to a separate IFD. A local government must consent and opt-in to the IFD's formation; if an agency doesn't want to participate, its tax increment revenue shares aren't touched. Although IFDs don't raise taxes or generate new revenue, the Legislature required voter approval of IFDs' plans, bonds, and appropriations limits.

SB 33 removes the voter-approval requirement, but still requires annual, independent audits and empowers local decision making. Voters who have elected their local representatives should let local officials do their job—setting local priorities for spending local revenues.

Summary:

SB 33 is identical to last year's B 214 (Wolk), which passed the state legislature but was vetoed by Governor Brown. While the SWCLC did not adopt a position on SB 214, each of our local legislators voted against the bill. In vetoing the bill, Gov. Brown said that *expanding the scope of infrastructure financing districts is premature. This measure would likely cause cities to focus their efforts on using the new tools provided by the measure instead of winding down redevelopment*. It is unclear how the landscape has changed since the Governor's veto seven months ago.

Voter approval.

After preparing an infrastructure financing plan, local officials must get voter approval to:

- Form the IFD, which requires 2/3-voter approval.
- Issue bonds, which requires 2/3-voter approval.
- Set the appropriations limit, which requires majority-voter approval.

SB 33 repeals the statutory requirement for 2/3-voter approval on IFDs' bonds.

Senate Bill 33 repeals the voter approval requirements to form an IFD, issue IFD bonds, and set the IFD's appropriations limit.

Types of projects.

IFDs are authorized to finance different types of projects, including:

The purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of any real or tangible property, and associated planning and design work of that property.

The purchase of a property, as long as construction has been completed.

Highways, sewage treatment, water treatment, flood control, libraries, child care facilities, parks, and open-space.

Senate Bill 33 expands the list of authorized projects to include levees, water-shed lands, and habitat restoration.

Currently, an IFD cannot finance routine maintenance, repair work, or costs of ongoing operation or services.

Senate Bill 33 repeals this prohibition.

Senate Bill 33 prohibits an IFD from compensating members of the local government's legislative body or members of the public financing authority.

Bond terms. The terms of IFDs' bonds can't be more than 30 years.

Senate Bill 33 extends the maximum term of IFDs' bonds from 30 years to 40 years.

Joint-powers authority. Senate Bill 33 authorizes a public financing authority to enter into a joint powers agreement, only to exercise power other than taxing authority.

Supporting: ***California Building Industry Association***; California Professional Fire-fighters; California State Association of Counties; California Special Districts Association; Cities of Benicia, Emeryville, West Sacramento, and Whittier; County of Yolo; East Bay Economic Development Agency; Economic Vitality Corporation of San Luis Obispo County; Emeryville Chamber of Commerce; ***Inland Empire Economic Partnership***; ***League of California Cities***; Los Angeles Area Chamber of Commerce; Los Angeles County Division, League of California Cities; Los Angeles County Economic Development Corporation; Long Beach Area Chamber of Commerce; Marin county Council of Mayors and Councilmembers; North Bay Leadership Council; Orange County Business Council; Palm Desert Area Chamber of Commerce ; Sacramento Metro Chamber of Commerce; San Francisco Chamber of Commerce; San Diego Regional Economic Development Corporation; San Gabriel Valley Economic Partnership; Tuolumne County Business Council

Opposing: California Taxpayers Association, Howard Jarvis Taxpayers Association.

Status: Referred to Senate Appropriations

Legislative Report Item 6 **Action Item**

SB731 (Steinberg) Environment: California Environmental Quality Act and sustainable communities strategy

Recommended action: WATCH
Presentation: Gene Wunderlich

Background:

SB 731, as introduced, Steinberg. Environment: California Environmental Quality Act and sustainable communities strategy.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment.

This bill would state the intent of the Legislature to enact legislation revising CEQA to, among other things, provide greater certainty for smart infill development, streamline the law for specified projects, and establish a threshold of significance for specified impacts.

Existing law requires the regional transportation plan for regions of the state with a metropolitan planning organization to each adopt a sustainable communities strategy, as part of their regional transportation plan, as specified, designed to achieve certain goals for the reduction of greenhouse gas emissions from automobiles and light trucks in a region. Existing law establishes the Strategic Growth Council to manage and award grants and loans to support the planning and development of sustainable communities strategies.

This bill would state the intent of the Legislature to provide $30,000,000 annually to the council for the purposes of providing planning incentive grants to local and regional agencies to update and implement general plans, sustainable communities strategies, and smart growth plans.

Summary:

This bill is the replacement bill for the highly anticipated Rubio Bill. With the resignation of Sen. Rubio, the task has fallen to Sen. Steinberg. As evidenced, the bill is as yet incomplete and merely states the intent of the Legislature to do something. We'll revisit this if and when the Legislature actually does something. There are currently 9 other bills dealing with CEQA working through the Legislature.

Supporting: None on record

Opposing: None on record

Status: Referred to Senate Rules

Legislative Report Item 7	**Action Item**

S.344 (Wicker) A bill to prohibit the Administrator of the Environmental Protection Agency from approving the introduction into commerce of gasoline that contains greater than 10-volume-percent ethanol, and for other purposes.

Recommended action: SUPPORT
Presentation: Gene Wunderlich

Background:

Last year the SWCLC adopted a SUPPORT position on H.R. 3199 (Sensenbrenner) that would have required the Assistant Administrator of the Office of Research and Development at the Environmental Protection Agency (EPA), prior to the implementation of any waiver, partial waiver, or decision pursuant to current law and no later than 45 days after this Act's enactment, to enter into an agreement with the National Academies to provide a comprehensive assessment of research on the implications of the use of mid-level ethanol blends (defined as an ethanol-gasoline blend containing 15% or 20% ethanol by volume that is intended to be used in any conventional gasoline-powered motor vehicle or nonroad vehicle or engine). Recommends that the assessment compare mid-level ethanol blends to gasoline blends containing 10% and 0% ethanol.

H.R. 3199 went nowhere and last June, the EPA officially legalized public sales of E15 in a move federal regulators believe could cut foreign oil dependency, help US farmers and possibly cut emissions. Last month, a US federal appeals court upheld that decision and turned down a request from oil and food trade organizations to consider reversing the decision. Meanwhile, the American Petroleum Institute and the Grocery Manufacturers Association and AAA are among groups that have publicly challenged the EPA decision, with AAA late last year requesting for the government to suspend E15 sales.

S.344 Prohibits the Administrator of the Environmental Protection Agency (EPA) from authorizing or otherwise allowing the introduction into commerce of gasoline that contains greater than 10-volume-percent ethanol, including by granting a waiver for new fuels and fuel additives from the Clean Air Act's fuel standards.

Nullifies any waiver granted under such Act before this Act's enactment that allows for the introduction into commerce of gasoline containing greater than 10-volume-percent ethanol for use in motor vehicles, including the waivers entitled: (1) "Partial Grant and Partial Denial of Clean Air Act Waiver Application Submitted by Growth Energy To Increase the Allowable Ethanol Content of Gasoline to 15 Percent; Decision of the Administrator" (published on November 4, 2010), and (2) "Partial Grant of Clean Air Act Waiver Application Submitted by Growth Energy To Increase the Allowable Ethanol Content of Gasoline to 15 Percent; Decision of the Administrator" (published on January 26, 2011).

Nullifies, 60 days after this Act's enactment, the portions of the rule entitled "Regulation to Mitigate the Misfueling of Vehicles and Engines with Gasoline Containing Greater Than Ten Volume Percent Ethanol and Modifications to the Reformulated and Conventional Gasoline Programs" (published on July 25, 2011) to mitigate misfueling.

Summary:

Gasoline that has 15% ethanol causes more damage to vehicles than previously known, a coalition of oil companies and automakers reported in February.

Earlier testing by the industry group known as the Coordinating Research Council (CRC) found use of fuel known as E15 could damage valve and valve seat engine parts in some tested vehicles, which included a number of popular brands, and possibly affect millions of cars and trucks.

A statement Tuesday by the two trade groups representing automakers called the Environmental Protection Agency's decision to allow E15 for 2001 and later vehicles premature because the CRC hadn't completed its testing. But a coalition of biofuels supporters, Fuels America, said more than 6.5 million miles of testing had been done, which was "equivalent to 12 round trips to the moon (and) makes E15 the most tested fuel, ever."

EPA said in a statement that it hadn't reviewed the new report but said it determined E15 was acceptable for use in model year 2001 and newer cars and light pickups after analyzing test results from Department of Energy and other data. The agency also noted that it isn't requiring the use or sale of E15 or overriding automakers' requirements or recommendations for their vehicles.

"This research adds to the growing catalog of studies that shows the effects of fuel blends containing 15% ethanol are unknown at best, and — at worst — damaging to systems that were designed to function on traditional fuel ...," said the Alliance of Automobile Manufacturers and Global Automakers in their statement.

Increasing ethanol content from the standard 10% blend to 15% can cause problems including fuel system component swelling, erratic fuel level indicators, faulty check-engine lights and failure of other parts that can lead to breakdowns, said Bob Greco, the American Petroleum Institute's downstream director.

Among other requirements, stations need to have at least one pump that distributes solely E10, and to label to its blender pumps with a notice that says "Passenger Vehicles Only. Use in Other Vehicles, Engines and Equipment May Violate Federal Law." Additionally, as we heard earlier, anyone buying fuel from a blender pump has to be required to purchase at least four gallons of fuel. That way, any residual amount of E15 in the pump will be diluted enough to not pose harm for vehicles not designed to accommodate higher-ethanol gasoline.

Only flex-fuel vehicles designed to burn fuel blends that contain up to 85 percent ethanol, 2013 model year Fords, 2012 Model year GM cars and Porsches built since 2001 are specifically approved by their manufacturers to use E15. BMW, Chrysler, Nissan, Toyota and Volkswagen have already said that their warrantees will not cover E15-related damage, while eight others, including Ford and GM, say E15 use may void coverage on unapproved cars. That leaves just 12 percent of the vehicles on the road fully compliant with E15, according to the Alliance.

Legislative Report Item 8 **Action Item**

California Community Events Alliance- Saving Our Events

Recommended action: SUPPORT
Presentation: Gene Wunderlich

Background:

In 2010, a ruling from the San Diego Superior Court found that all special use and parks use permit applications must comply with the very burdensome and often costly environmental review process. This ruling, if expanded throughout the state, would have devastating economic implications to communities and nonprofits within California that hold parades, marathons, community events, festivals and public activities, including our wineries. While most of our industry is very familiar with CEQA, many of the charities and not for profits throughout the state are not and will experience incredible complications and expense for temporary events that often last less than 3 days and are in compliance with all other rules and regulations.

You may recall last year when the SWCLC SUPPORTED SB973 (Vargas) dealing with CEQA exemptions for these limited duration events. While initially supported, Vargas amended the bill to the extent it was no longer recognizable and we withdrew our support. The bill died in committee.

CalTravel is leading an initiative with Political Solutions and FSB Core Strategies to seek a minor modification to the California Environmental Quality Act (CEQA) addressing the same issues originally contained in SB973.

CalTravel has formed the California Community Events Alliance (CCEA) which is currently comprised of 18 DMO's throughout California. Our goal is simple…to protect all temporary community events throughout the state. This industry understands better than most what happens when one segment of the industry is threatened…we all lose. the attached "CCEA Initiative" document provides an overview of the issue and current actions. They are requesting our support.

CCEA
CALIFORNIA COMMUNITY EVENTS ALLIANCE
Saving California Events

California Community Events Alliance- Saving Our Events

Cities and counties throughout the state issue "special events" and "parks use" permits for local events including, but not limited to, marches and marathons, parades, famers' markets, festivals, weddings, holiday and cultural celebrations, birthday parties and food & wine expositions, etc. Typical applicants are nonprofits and charities, schools and businesses, tourism boards, local governments and folks from the hospitality and entertainment industries. Every request undergoes a rigorous permitting process that more than adequately addresses local, state and federal environmental, public safety, waste disposal, building and traffic standards, regulations and laws.

Not only do these local events raise millions for charities within our communities, but they are also powerful sources of economic generation. Local jurisdictions benefit from increased patronage to hotels, restaurants, retail shops, amusement and theme parks as well as state parks. The direct impact of these events typically provides local charities and nonprofits with the funds necessary to serve Californians, while the indirect impacts support thousands of businesses and their employees, in addition to generating substantial local and state tax revenues.

However, a decision made by the San Diego Superior Court in 2010 will discontinue thousands of local and temporary special events that rely on special use and parks use permits, statewide. The Superior Court determined that because the local Independence Day fireworks display relied on a "special use permit," which is a discretionary permit, CEQA review should have occurred.

The California Travel Association's goal is prevent similar challenges and identical decisions from occurring throughout the state.

As a result, our legislation has been very narrowly crafted to include events lasting 72 hours or less which have met all existing federal, state and local permitting requirements from CEQA. As we alluded to above, the existing permitting process for special events and parks use permits thoroughly consider – and seek to mitigate – any and all impacts on the local environment and community. If an applicant fails to meet these standards, his/her permit is denied.

Unfortunately, utilizing existing categorical exemptions does not provide the predictability and flexibility necessary for these temporary events for a variety of reasons. A categorical exemption may take up to 30 days and approximately $700.00, yet is subject to appeal which is neither cost nor time-effective to applicants who typically include local nonprofits. This also provides no flexibility for unexpected but critical changes that may become necessary just before an event. Applicants are disinclined to pursue a Negative Declaration or Mitigated Negative Declaration for similar reasons at a much higher cost and wait. Needless to say, completing an Environmental Impact Report is not feasible for many applicants on account of the potential for legal challenges as well as the estimated wait time (180 days) and costs ($5-$10,000).

We have consulted with local charities, nonprofits and local tourism boards throughout California to assess what impact the San Diego Superior Court decision will have on temporary and local community events. Very quickly, we heard from many that events which raise money for local charities and support local economies would be affected. Such a decision, they've said, would be

incredibly problematic for planning and financial purposes. This obviously does not include the smaller events throughout the state that are unaware of San Diego's dangerous precedent, unaware of the California Environmental Quality Act or the impact it will have on the events they sponsor.

California's travel and tourism industry leads the nation in large part because of its natural resources. As an industry, we have a vested interest in preserving and protecting our environment. It is for this reason, applicants adhere to the broad array of regulations and requirements that go along with special event and parks use permits. We do however, see the inclusion of CEQA review as duplicative of existing environmental considerations and mitigations, incredibly costly and unpredictable, ultimately, we fear it will stop very important civic, charitable, community and/or recreational events in California.

California Community Events Alliance
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California Community Events Alliance, an initiative of The California Travel Association

Legislative Report Item 9 **Information**

LAWA approves resolution establishing guidelines for possible Ontario Airport sale 12/12

LA airport commissioners set terms for moving forward with sale of Ontario airport 12/12

Guiding Concepts and Principles for Negotiations Related to Potential Divestiture of ONT 12/12

ONT authority approves plan to help fix airport's woes 1/13

L.A. County to discuss LAWA item next week 2/13

LA County supervisors approve motion to review air traffic distribution strategy 2/13

County probes L.A.'s compliance on transferring LAX traffic 2/13

The county Board of Supervisors on Tuesday sought to determine whether Los Angeles airport officials have complied with a 2006 court settlement requiring them to spread the growth in flights at busy