



MEETING AGENDA

Monday, July 17, 2017

Realtor House, 26529 Jefferson Ave, Murrieta

Presiding: Don Murray, Chair

2017 Strategic Initiatives

Budget & Tax Reform / Job Creation and Retention / Healthcare / Infrastructure & The Environment/ Public Safety

Call to Order, Roll Call & Introductions: 12:00 p.m.

Chair Report

Approval of Minutes **Action**

Legislative Report #7 **Action**

1. [SB 649 \(Hueso\). Wireless telecommunications facilities.](#)
2. [SB 145 \(Hill\). Autonomous vehicles: testing on public roads.](#)
3. [SB 252 \(Dodd\). Water wells.](#)
4. [SB 30 \(Lara\). California-Mexico border: federally funded infrastructure.](#)
5. [SB 237 \(Hertzberg\). Criminal procedure: arrest.](#)
6. [AB 1139 \(Reyes\). Real property: transfer fees: notices.](#)
7. [AB 45 \(Thurmond\). California School Employee Housing Assistance Grant Program.](#)

Guest Speaker [Mike Hestrin, Riverside County District Attorney](#) **Information**

Speaker and Chamber Announcements **Information**

Our lunch sponsor [IE Commerce Business to Business](#) **Thank You**

Adjourn –

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The Southwest California Legislative Council Thanks Our Partners:

Southwest Riverside Country
 Association of Realtors
 Metropolitan Water District of Southern
 California
 Elsinore Valley Municipal Water District
 CR&R Waste Services
 Abbott Vascular

Temecula Valley Chamber of Commerce
 Murrieta Chamber of Commerce
 Lake Elsinore Valley Chamber of
 Commerce
 Wildomar Chamber of Commerce
 Menifee Valley Chamber of Commerce
 Perris Valley Chamber of Commerce

Commerce Bank of Temecula Valley
 California Apartment Association
 Southwest Healthcare Systems
 Temecula Valley Hospital
 EDC of Southwest California
 Paradise Chevrolet Cadillac
 The Murrieta Temecula Group

Southwest California Legislative Council

Lake Elsinore Chamber of Commerce
Menifee Valley Chamber of Commerce
Murrieta Chamber of Commerce
Perris Valley Chamber of Commerce
Temecula Valley Chamber of Commerce
Wildomar Chamber of Commerce

Meeting Minutes

Monday, June 19, 2017

2017 Chair: Don Murray

Legislative Consultant: Gene Wunderlich

Directors Attendance:

- | | |
|-------------------|-------------------|
| ✓ Adam Ruiz | ✓ Don Murray |
| ✓ Alex Braicovich | Eric Cross |
| ✓ Ali Mazarei | ✓ Gene Wunderlich |
| Andy Morris | ✓ Greg Morrison |
| Ben Benoit | ✓ Joan Sparkman |
| ✓ Brad Neet | ✓ John Kelliher |
| Carl Johnson | Judy Guglielmana |
| Darci Castillejos | ✓ Kassen Klein |
| ✓ Denee Burns | |
| ✓ Dennis Frank | |

Chamber Executives/Guest Attendance

- | | |
|--------------------|---------------------|
| • Bailey Mejia | • Daneen Ashworth |
| • Branden Webb | • Darrell Connerton |
| • Brenda Dennstedt | • Debbie Herrera |
| • Emily Padilla | • Meggan Valencia |
| • Glenn Miller | • Morris Myers |
| • Heather Perry | • Myke Munroe |
| • Kayla Charters | • Patrick Ellis |
| • Kim Cousins | • Tom Stinson |
| • Kim Kelliher | • Walter Wilson |
| • Kimberly Niebla | |

Approval of Minutes

Action

Motion to approve minutes, with change, seconded and carried.

Legislative Report #6 2017

Action

1. ~~SB 96 Committee on Budget and Fiscal Review: State Government~~. This bill would amend the Gender Tax Repeal Act of 1995 to additionally prohibit a business from discriminating with respect to the price charged for the same, or substantially similar, goods because of the gender of the targeted user of the good. The bill would authorize specifically the Attorney General, a district attorney, or a city attorney to prosecute a civil action for preventive relief for a violation of this. **No Action**
2. AB 1701 (Thurmond) Labor-Related Liabilities: Original Contractor Holds a direct contractor jointly liable for nonpayment of wages, fringe benefits, or health and welfare or pension fund contributions owed to a wage claimant that is incurred by a subcontractor. **Motion to OPPOSE seconded and carried.**

3. **AB 669 (Berman) Economic Development: California Community Colleges Economic & Workforce Development Programs.** Extends Workforce Development. Helps improve alignment of the state's workforce needs and education resources by extending the Economic and Workforce Development program within the California Community College system which is set to expire in 2018. Extends to 2023. **Motion to SUPPORT seconded and carried.**
4. **AB 1085 (Calderon) Business Entities: Annual Tax: Minimum Franchise Tax: Fees.** Provides options for a business to pay the minimum franchise tax to either by the 4th month of the year, in three equal installments over the year, or two equal installments. **Motion to SUPPORT seconded and carried.**
5. **AB 380 (Dababneh) Electronic Transactions: Motor Vehicle Finance.** Allows motor vehicle sales and lease transactions to be conducted electronically. Reduces waste and streamlines the car purchase/leasing process by allowing consumers to elect to utilize electronic contracts and signatures. **Motion to SUPPORT seconded and carried.**
6. **AB 1008 (McCarty) Employment Discrimination: Prior Criminal History.** This bill prohibits an employer from inquiring about or considering a job applicant's criminal history prior to a conditional offer of employment. **Motion to OPPOSE seconded and carried.**
7. **AB 1515 (Daly) Planning and Zoning: Housing.** Encourages housing project approvals by specifying that a housing development is deemed consistent with local plans and ordinances if there is substantial evidence such that a reasonable person could conclude that the project is consistent. This bill is intended to strengthen the provisions of the HAA and to provide the courts with clear standards for interpreting the Act in favor of building housing **Motion to SUPPORT seconded and carried.**
8. **AB 943 (Santiago) Land Use Regulations: Local Initiatives: Voter Approval.** Discourages no growth/development ordinances and promotes new housing construction by requiring that an ordinance to curb, delay, or deter growth or development in a city receive a 55% vote to become effective. This bill: Requires any ordinance proposed by the voters of a city, county, or city and county, submitted to the voters, that would reduce density or stop development or construction on any parcels located less than one mile from a major transit stop, to be approved by at least 55% of the votes cast on it at the election to take effect. **Motion to SUPPORT seconded and carried.**
9. **AB 570 (Gonzalez Fletcher) Workers Compensation: Permanent Disability Apportionment**
Existing workers' compensation law generally requires employers to secure payment of workers' compensation, including medical treatment, for injuries incurred by their employees that arise out of, or in the course of, employment. An employer is liable only for the percentage of the permanent disability directly caused by the injury arising out of, and occurring in the course of, employment. 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. Violates the fundamental agreement between worker and employers by requiring employers to compensate injured workers for disability that has not, with medical certainty, resulted from a workplace injury. Prohibits the use of pregnancy, childbirth, or other medical conditions related to pregnancy or childbirth, in the calculation of permanent disability benefits for injuries. **Motion to OPPOSE seconded and carried.**

Guest Speaker/Presentation

Information

Jennings Imel, Executive Director; US Chamber-Western Region: Update on U.S Chamber of Commerce and the importance of getting local businesses and chambers involved.

Speaker and Chamber Announcements

Information

Senator Jeff Stone

Reported by Glenn Miller: Legislative Update

Senator Mike Morrel

Reported by Heather Perry: Legislative Update

Assemblymember Melissa Melendez

Reported by Brandon Webb: Legislative Update

Assemblymember Marie Waldron

Reported Tom Stinson: Legislative Update

Lake Elsinore Chamber of Commerce

Reported by Kim Cousins: Upcoming Events- Sate of the City

Murrieta Chamber of Commerce

Reported by Patrick Ellis: Upcoming Events- Mega Mixer

Perris Chamber of Commerce

Reported by Ali Mazarei: Upcoming Events

Adjournment: 1:29 pm

Next meeting Monday, July 17, 2017

SB 649, as amended, Hueso. Wireless telecommunications facilities.**Recommended action: No Recommendation****Presentation: Gene Wunderlich****Summary:**

This bill establishes a statewide framework for streamlining the permit siting process of small cell wireless facilities that meet specified requirements. Specifically, this bill requires an administrative permit in lieu of a discretionary permit, limits fees to between \$100 and \$850 for small cell installations in the utility right-of-way, ensures access to most vertical infrastructure in the utility right-of-way and also within a commercial or industrial zone. This bill also requires permits for wireless telecommunications facilities would be automatically renewed for equivalent durations, as specified.

Description:

Under existing law, a wireless telecommunications collocation facility, as specified, is subject to a city or county discretionary permit and is required to comply with specified criteria, but a collocation facility, which is the placement or installation of wireless facilities, including antennas and related equipment, on or immediately adjacent to that wireless telecommunications collocation facility, is a permitted use not subject to a city or county discretionary permit.

This bill would provide that a small cell is a permitted use, subject only to a specified permitting process adopted by a city or county, if the small cell meets specified requirements. By imposing new duties on local agencies, this bill would impose a state-mandated local program. The bill would authorize a city or county to require an encroachment permit or a building permit, and any additional ministerial permits, for a small cell, as specified.

The bill would authorize a city or county to charge 3 types of fees: an annual administrative permit fee, an annual attachment rate, or a on-time reimbursement fee. The bill would require the city or county to comply with notice and hearing requirements before imposing the annual attachment rate. The bill would require an action or proceeding to challenge a fee imposed under the provisions of this bill to be commenced within 120 days of the effective date of the ordinance or resolution. The bill would define the term "small cell" for these purposes.

This bill would prohibit a city or county from adopting or enforcing any regulation on the placement or operation of a communications facility in the rights-of-way by a provider that is authorized by state law to operate in the rights-of-way or from regulating that service or imposing any tax, fee, or charge, except as provided in specified provisions of law or as specifically required by law.

Under existing law, a city or county, as a condition of approval of an application for a permit for construction or reconstruction of a development project for a wireless telecommunications facility, may not require an escrow deposit for removal of a wireless telecommunications facility or any component thereof, unreasonably limit the duration of any permit for a wireless telecommunications facility, or require that all wireless telecommunications facilities be limited to sites owned by particular parties within the jurisdiction of the city or county, as specified.

This bill would require permits for these facilities to be renewed for equivalent durations, as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Background

Over the past decade, there has been an explosion of wireless devices in the marketplace, from cell phones, tablets, health monitors, and smart appliances. Satisfying the consumer demand for efficient and reliable wireless communications is largely dependent on infrastructure that has required a network of large

macro cell towers (most over 200 feet tall). These large structures have dotted the landscape in various shapes and forms, from a very noticeable large antenna to something disguised as a palm tree.

Small Cell. Small cells are low-powered wireless base stations that function like cells in a mobile wireless network, typically covering targeted indoor or localized outdoor areas ranging in size from homes and offices to stadiums, shopping malls, hospitals, and metropolitan outdoor spaces.

Wireless service providers often use small cells to provide connectivity to their subscribers in areas that present capacity and coverage challenges to traditional wide-area macrocell networks, such as coverage gaps created by buildings, tower siting difficulties, and challenging terrain. Each small cell can only work with a corresponding wireless service provider. Unlike larger macrocell large towers, small cells will need to be deployed at greater volumes in more concentrated areas. These smaller wireless facilities can augment the capacity of the wireless bandwidth of the macrocell towers.

Planning and Zoning. Existing law, the Planning and Zoning Law, requires cities and counties to adopt a general plan and provides for the adoption of zoning ordinance that regulate the use of buildings, structures, and land, among other things. The Permit Streamlining Act requires public agencies to act fairly and promptly on applications for development permits. Providers of wireless telecommunications services must apply to cities and counties for permits to build structures that support wireless telecommunications equipment, like antennae and related devices. Similarly, wireless carriers must seek local approval to place additional telecommunications equipment on structures and facilities where that equipment already exists, which are referred to as collocations. Existing law, as enacted by SB 1627 (Kehoe, Chapter 676, Statutes of 2006), requires local governments to approve collocations through ministerial processes, and prohibits local governments from limiting the duration of permits for wireless sites to less than 10 years, absent good reason. Existing law, as enacted by AB 57 (Quirk, Chapter 684, Statutes of 2015), specifies that a collocation or siting application for a wireless telecommunications facility is deemed approved if a local government does not act on a permit application within reasonable time periods specified in federal regulations.

Telecommunications companies have the right to access utility poles in the public right-of-way, governed by a set of state and federal regulations. State law establishes a framework, process, and procedures governing the attachment of telecommunications facilities to investor-owned utility poles and municipal utility poles, providing the CPUC the authority to establish and enforce rates, terms and conditions for pole attachments. Telecommunications companies are authorized to erect poles and attach to investor-owned and municipal utility poles under specified cost-based rates.

Local governments may not block utility pole attachments, but existing law authorizes them to regulate the time, manner, and place of pole attachments in the public right-of-way. In addition, investor owned utilities and municipal utilities can only charge cost-based rates for attaching to their utility poles. These restrictions do not apply to other publicly-owned infrastructure in the right-of-way, such as light poles and streetlights, or outside of the right of way. In those cases, local governments can continue to impose conditions on many types of wireless facilities and negotiate payments for the use of their infrastructure. Since the number of small cells needed to cover an area is much higher than for traditional wireless facilities, carriers and cities have negotiated agreements and streamlined permit processes for the deployment of small cells that require lease payments to use city infrastructure. Currently, these agreements are negotiated on an ad hoc basis, and, as such, lease rates can vary significantly among cities from a hundred dollars to thousands of dollars.

Arguments in support:

According to the sponsors of this bill, CTIA, "In many California localities, the rules, regulations, and application fees for wireless infrastructure are decades old, put in place when 200-foot tall cell towers were the norm. These rules are barriers to meeting today's wireless demand and enabling 5G innovations."

(i.e. CTIA is a trade association representing the wireless communications industry in the United States. The association was established in 1984 and is headquartered in Washington, D.C)

According to the author, “SB 649 recognizes the public-policy benefit and exploding consumer demand for greater, faster access to next-generation wireless networks – and establishes a reliable and standardized process for siting the physical infrastructure necessary to meet that demand. For California to remain technologically competitive and to ensure the benefits of innovation are reaching every community, we must do all we can – as fast as we can – to make next-generation 5G wireless networks a reality. In fact, recent studies have shown that widespread 5G investment in California will generate billions in economic growth and billions more in savings from wireless-enabled smart community solutions – lowered energy use, reduced traffic and fuel costs and improved public safety applications. But building the wireless network of tomorrow requires the rapid deployment of small cell structures. SB 649 does not affect the ability of local governments to manage its public rights of way or to impose reasonable fees, terms and conditions to access to city or county owned property. This bill is designed to benefit California consumers and businesses, who have overwhelmingly told us that they want California to stay at the forefront of the wireless economy.”

While anecdotes about unreasonable local obstruction of new telecommunications facilities exist, the scope of this problem is difficult to quantify. While some obstructionism undoubtedly occurs, other communities are faithfully adhering to applicable state and federal law. In fact, small cell deployment is already occurring in cities throughout California and the country. Carriers argue that high fees and slow permitting processes hinder the deployment of small cells, but local officials and their constituents want better wireless service as well. Under current law, local officials are empowered to balance these competing considerations by charging what the market will bear for the use of their property and by revising their permitting programs to make it easier on carriers, while keeping in mind that they risk losing access to the service. Where it’s worth it for both sides, carriers and local governments will agree.

Arguments in opposition:

The majority of the arguments against the bill are reflected in the letter from the League of Cities which opposes the limitations this bill imposes on decision-making of local jurisdictions on permit siting, including concerns regarding the limitations on the assessment of fees on use of city and county property, the limitations on local discretionary review, imposition of zoning changes, concern that more than one antenna would be sited on a host infrastructure (pole) and an overall belief that this bill “strips the local governments of the ability to protect the quality of life of their residents.” As noted above, some opposition stems from the growth of radio frequency which would increase near homes under this bill. The opposition from NCPA requests clarification that municipal utility poles are still subject to existing requirements relative to the involvement of the municipal utility.

Local officials’ first duty is to protect the interests of their constituents. They have broad authority to regulate activities to preserve the public welfare, and they have developed processes in accordance with that duty for permitting wireless telecommunications facilities. Some jurisdictions impose more conditions than others due to specific local circumstances, and the FCC has recognized this need. SB 649 goes well beyond federal law to strip local governments of this authority. By making small cells permitted uses, SB 649 extends by-right development to small cells, and it stops local governments from establishing discretionary permitting processes—even in historic districts if they allow any kind of commercial or industrial uses. If local officials can’t exercise discretion, they can’t regulate aesthetics or other concerns in response to public comments. The bill also restricts local governments to requiring only one permit, making local governments choose between building permits and encroachment permits, with potential public safety consequences. And SB 649 goes even further than other by-right proposals because it require local governments to offer up their vertical infrastructure for use by other entities and removes their ability to charge fair rent by capping lease fees for vertical infrastructure to an amount that is a small fraction of the rates in current agreements between carriers and local governments. SB 649 sets a concerning precedent that reappropriates taxpayer funded infrastructure for private benefit.

SB 649 requires local governments to offer up their vertical infrastructure in the rights of way and commercial and industrial zones for use by other entities and removes their ability to charge fair rent by capping lease fees for vertical infrastructure to an amount that is between \$100 and \$850. Environmental Health Effects. Some of the opponents of this bill have raised concerns regarding the health impacts from radio frequency/microwave radiation associated with wireless communications. These commenters present

several studies, as well as a California Medical Association resolution supporting efforts to reevaluate microwave safety exposure and efforts to implement new safety exposure limits for wireless devices to a level that do not cause harm. While these comments raise very serious concerns, federal law, limits the consideration of the environmental effects of radio frequency emissions by states and local governments in so far as a proposed project is in compliance with FCC requirements. However, those who oppose this bill out of concern for the health impacts of wireless technologies are not likely to be satisfied with the standards the FCC has established.

Too soon. Small cells form the foundation of next generation 5G networks. But this is a nascent technology, and small cells themselves have only been deployed for a few years. As such, the regulatory framework around small cells is just now being fleshed out: in December 2016, the **FCC** began soliciting comments in response to a petition for a declaratory ruling on the streamlining of small cell siting, and last month the **CPUC** began soliciting comments on whether pole attachment rates should be harmonized and whether access to the right-of-way should be expanded. These proceedings could have a major effect on carriers' and local governments' rights when it comes to siting small cells. **Local governments** are also just beginning to negotiate rates and procedures for small cell deployments and need time to understand the issues they present and how best to permit them. **While carriers want to get out ahead of regulations before state, federal, and local governments define them, legislators may want to hold off on weighing in until the outcomes of these processes are known and problems can be identified.**

Support: (Verified 7/12/17)

CTIA (source)
 59DaysOfCode
 American Indian **Chamber** of Commerce of California
 Asian Pacific Islander
 American Public Affairs Assn.
 Asian Resources Inc.
 AT&T
 Berkeley **Chamber** of Commerce
 Black Business Association
 California Asian **Chamber** of Commerce
 California Foundation for Independent Living Centers
 California Friday Night Live Partnership
 California Hispanic **Chamber** of Commerce
 California Manufacturers & Technology Association
 California Probation, Parole and Correctional Assn
 California State Conference of the National Association of Advancement of Colored People
 California State **Sheriffs'** Association
 California Urban Partnership
 California Utilities Emergency Association
 CALinnovates
 Carlsbad **Chamber** of Commerce
 Carmel Valley **Chamber** of Commerce
 Cerritos Regional **Chamber** of Commerce
 Chinese American Association of Solano County
 Community Technology Network
 Community Women
 Vital Voices
 Concerned Citizens
 Congress of California Seniors
 Council of Asian Pacific Islanders
 Together for Advocacy and Leadership
 Council on American-Islamic Relations,
 California Disability Rights Education and Defense Fund
 Downtown San Diego Partnership
 East Bay Leadership Council
 Elderly Foundation
 El Dorado County **Chamber** of Commerce
 Eskaton Foundation
 Exceptional Parents Unlimited
 Fresno Area Hispanic Foundation

Fresno Center for New Americans
 Fresno Metro Black **Chamber** of Commerce
 Fundacion Pro Joven Talento Salvadoreno
 Gateway Chambers Alliance
 Greater Coachella Valley **Chamber** of Commerce
 Greater Los Angeles African American **Chamber** of Commerce
 Greater Sacramento Urban League
 Hacker Lab
 Hispanic **Chamber** of e-Commerce
 Hispanic Heritage Foundation
 I/O Labs
 Imagine H2O
 InBiz
 Latino-North County Hispanic **Chamber**
 Invictus Foundation
 Jobs and Housing Coalition
 Krimson and Kreme, Inc.
 Lake County Sheriff
 Latin Business Association
 Latino Council
 Latino Environmental Advancement & Policy Project
 Lifestyle Stroke Foundation
 Lighthouse Counseling & Family Resource Center
 LIME Foundation
 Lincoln Area **Chamber** of Commerce
 Long Beach Area **Chamber** of Commerce
 Los Angeles Urban League
 Marjaree Mason Center
 Meeting of the Minds
 Modesto **Chamber** of Commerce
 Monterey County Business Council
 Museum of the African Diaspora
 National Association of Advancement of Colored People –
 Eureka National Association of Advancement of Colored People –
 Inglewood/South Bay National Association of Advancement of Colored People –
 Los Angeles National Association of Advancement of Colored People –

North San Diego National Association of Advancement of Colored People –
Riverside National Association of Hispanic Real Estate Professionals –
Sacramento National City Public Safety Foundation
National Latina Business Women Association of Los Angeles
Oakland Metropolitan Chamber of Commerce
Oceanside Chamber of Commerce
Orange County Business Council
Orange County Hispanic Chamber of Commerce
Organization of Chinese Americans
Pacific Grove Chamber of Commerce
Peace Officers Research Association of California
Puertas Abiertas
Community Resource Center
PulsePoint
Rancho Cordova Chamber of Commerce
Russian American Media
Sabio Enterprises Inc.
Sacramento Asian Pacific Chamber of Commerce
Sacramento Black Chamber of Commerce
Sacramento Hispanic Chamber of Commerce
Sacramento Metropolitan Chamber of Commerce
Sacramento Regional Conservation Corps
Salvadoran American Leadership and Educational Fund
San Diego County Hispanic Chamber of Commerce
San Diego North Economic Development Council
San Diego Regional Economic Development Corp
San Joaquin Pride Center

San Ysidro Chamber of Commerce
Santa Ana Chamber of Commerce
Silicon Valley Leadership Group
Slavic American Chamber
Society for the Blind
Solano Community College Educational Foundation
South Bay Association of Chamber of Commerce
Southeast Community Development Corporation
Southern California Hispanic Chamber of Commerce
Christian Leadership Conference of Southern California
Sprint
T-Mobile
The East Los Angeles Community Union
The Arc California
The National Association of Hispanic Real Estate Professional
The Observer Media Group
The Urban Hive
Torrance Area Chamber of Commerce
Tulare Kings Hispanic Chamber of Commerce
United Policyholders
Urban Corps of San Diego County
Urban League of San Diego County
Verizon
Veteran's Association of North County
Voluntary Organizations Active in a Disaster
Volunteers of America
Southwest WEAVE, Inc.
Wireless Infrastructure Association
Women's Intercultural Network

Opposition: (Verified 6/30/17)

Association of Environmental Professionals
California Chapter of the American Planning Association
California Chapters of the American Public Works Association
California Municipal Utilities Association
California State Association of Counties
City and County of San Francisco
Cities of Albany, Arcadia, Azusa,
Bakersfield, Benicia, Beverly Hills,
Big Bear Lake, Buena Park, Burbank,
Camarillo, Campbell, Capitola,
Carpinteria, Chino Hills, Citrus Heights,
Claremont, Cloverdale, Concord,
Corona, Coronado, Culver City, Diamond Bar,
Dublin, Eastvale, El Centro, Elk Grove,
Emeryville, Encinitas, Fontana
Fountain Valley, Fremont, Fullerton,
Hayward, Hermosa Beach, Hesperia,
Huntington Beach, Indio, Indian Wells,
Inglewood, Irvine, La Cañada, La Habra,
La Quinta, La Verne, Lafayette, Laguna Beach,
Laguna Hills, Lake Elsinore, Lake Forest,
Lakeport, Lakewood, Lodi, Long Beach,
Los Alamitos, Lomita, Manteca, Merced,
Mission Viejo, Modesto, Monterey, Moorpark,
Moreno Valley, Morgan Hill, Murrieta,
National City, Nevada City, Newport Beach,
Norwalk, Oakley, Oceanside, Palm Desert,
Palmdale, Palos Verdes Estates, Pasadena,
Piedmont, Pismo Beach, Placentia,
Point Arena, Rancho Cucamonga,

Rancho Palos Verdes, Richmond, Riverside,
Rocklin, Rosemead, Roseville,
Sacramento, San Carlos, San Jose,
San Leandro, San Marcos, San Mateo,
San Pablo, San Rafael, Santa Ana,
Santa Clara, Santa Clarita, Santa Monica,
Santee, Signal Hill, Sunnyvale, Thousand Oaks,
Torrance, Tulare, Ukiah, Union City,
Vallejo, Ventura, Vista, Walnut, West Covina,
West Hollywood, and Whittier
County of Ventura
Ecological Options Network
EMF Safety Network
Kern County
League of California Cities
Marin County
Council of Mayors and Councilmembers
Northern California Power Agency
Orange County Board of Supervisors
Protect our Local Streets Coalition
Rural County Representatives of California
Santa Barbara County Board of Supervisors
Santa Clara County Board of Supervisors
Scientists for Wired Technology
Southern California Public Power
Authority The Utility Reform Network
Towns of Danville, Hillsborough,
Mammoth Lakes, and Portola Valley
Urban Counties of California
Ventura Council of Governments
Several Individuals

Status: Assembly Committee on Local Government, Communications & Conveyance

Senate Floor votes: **YES - Stone, Morrell, Roth** **(Waldron - cmte)**

Assembly floor votes:

Legislative Items #2

Job Creation & Retention

Action

[SB 145, as introduced, Hill. Autonomous vehicles: testing on public roads.](#)

Recommended action: **SUPPORT**

Presentation: Gene Wunderlich

Summary:

Streamlines regulations for autonomous vehicles by eliminating the additional burdensome requirement that the Department of Motor Vehicles (DMV) notify the Legislature of the receipt and approval of an application from a manufacturer seeking to operate autonomous vehicles capable of operating without the presence of a driver inside the vehicle on public roads for non-testing purposes, and the requirement that the approval of such an application not take effect for 180 days; declares this bill an urgency measure.

Description:

Existing law authorizes the operation of an autonomous vehicle on public roads for testing purposes by a driver who possesses the proper class of license for the type of vehicle operated if specified requirements are satisfied. Existing law prohibits the operation of an autonomous vehicle on public roads until the manufacturer submits an application to the Department of Motor Vehicles, as specified, and that application is approved. Existing law requires the department to notify the Legislature if it receives an application from a manufacturer seeking approval to operate an autonomous vehicle capable of operating without the presence of a driver inside the vehicle. Existing law prohibits such an application from becoming effective any sooner than 180 days after that application is submitted.

This bill would repeal the requirement that the department notify the Legislature of receipt of an application seeking approval to operate an autonomous vehicle capable of operating without the presence of a driver inside the vehicle. The bill would also repeal the requirement that the approval of such an application not be effective any sooner than 180 days after the date the application is submitted.

Arguments in support:

According to the author, current law governing the operation of AVs contains an unnecessary provision that will delay their deployment. Currently, the DMV is required to notify the Legislature when it receives an application for the operation of an AV without the presence of the driver and enacts a 180 day delay for an approved application to go into effect. According to the author, the Legislature has other means to stay informed and the current notification requirements puts California at a competitive disadvantage as other states are aggressively pursuing the deployment of AVs. 2) New Federal guidelines. In September, 2016 the National Highway Traffic Safety Administration (NHTSA) released its federal policy on AVs. NHTSA emphasized the potential of highly automated vehicles (HAVs) to reduce traffic fatalities in the United States. In 2015, over 35,000 people died in traffic crashes, representing a 7.2% increase year-over-year, the largest increase since 1966. They cite that 94% of car crashes are associated with human choice or error, presenting a major opportunity for HAVs to save lives. NHTSA's policy release provided Vehicle Performance Guidelines for AVs, a Model State Policy framework, clarification of NHTSA's current regulatory tools, and the identification of potential new tools and authorities to aid the safe deployment of HAVs.

This bill is supported by numerous business and technology groups who believe it will help remove barriers to the deployment of autonomous vehicles in California. Double referral: This bill will be referred to the Assembly Communications and Conveyance Committee should it pass out of this committee.

Support: (Verified 7/12/17)

Alliance of Automobile Manufacturers
California Chamber of Commerce
Computing Technology Industry Association
Global Automakers

Self-Driving Coalition for Safer Streets
Silicon Valley Leadership Group
TechNet
Waymo

Opposition: (7/12/17)

Opposition None on file

Status: Assembly Committees on Communication & Conveyance, Transportation

Senate Floor votes: YES: Roth, Stone NVR: Morrell

Assembly floor votes:

Legislative Item #3	Job Creation & Retention	Action
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SB 252, as amended, Dodd. Water wells.

Recommended action: **OPPOSE**
Presentation: Gene Wunderlich

Summary:

Land Use. Imposes more restrictions on well permits curtailing land owners use of private property. This bill also codifies factors to be considered in well interference complaints and establishes conditions on the issuance of water well drilling permits for wells in overdrafted basins.

Description:

Existing provisions of the California Constitution declare the policy that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of these waters is to be exercised with a view to the reasonable and beneficial use of the waters in the interest of the people and for the public welfare. Existing law establishes various state water policies, including the policy that the use of water for domestic purposes is the highest use of water.

This bill would require, in an action alleging liability for interference with a well, reasonableness of each party's beneficial use of water to be determined through consideration of specified factors.

Existing law requires the State Water Resources Control Board to adopt a model water well, cathodic protection well, and monitoring well drilling and abandonment ordinance implementing certain standards for water well construction, maintenance, and abandonment and requires each county, city, or water agency, where appropriate, not later than January 15, 1990, to adopt a water well, cathodic protection well, and monitoring well drilling and abandonment ordinance that meets or exceeds certain standards. Under existing law, if a county, city, or water agency, where appropriate, fails to adopt an ordinance establishing water well, cathodic protection well, and monitoring well drilling and abandonment standards, the model ordinance adopted by the state board is required to take effect on February 15, 1990, and is required to be enforced by the county or city and have the same force and effect as if adopted as a county or city ordinance.

This bill would require an applicant for a new well permit in a city or county overlying a critically overdrafted basin, as defined, and where the proposed well is located within a critically overdrafted basin, to comply with certain requirements as part of an application for a well permit. The bill would require a city or county that receives an application for a well permit in a critically overdrafted basin to make certain information

about the new well included in the application for a well permit available to groundwater sustainability agencies and publicly available and easily accessible and, before issuing any new well permit, to undertake a notice and comment period that includes a noticed public hearing, meeting, as prescribed. The bill would authorize a city or county to issue a new well permit pursuant to an adopted ordinance within a critically overdrafted basin when these requirements have been met. By increasing the duties of cities and counties, this bill would impose a state-mandated local program.

Existing law, the Sustainable Groundwater Management Act, requires all groundwater basins designated as high- or medium-priority basins by the department and designated as subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. The act authorizes the department to provide technical assistance to any groundwater sustainability agency in response to that agency's request for assistance in the development and implementation of a groundwater sustainability plan.

This bill would require the department to provide cities and counties overlying a critically overdrafted basin with ongoing technical assistance to implement the provisions described in paragraph (2).

Existing law requires a person who digs, bores, or drills a water well, cathodic protection well, groundwater monitoring well, or geothermal heat exchange well, or abandons or destroys a well, or deepens or reoperates a well, to file a report of completion, containing certain required information, with the department. Under existing law, the failure to comply with this requirement or the willful and deliberate falsification of a report of completion is a misdemeanor.

This bill would require a well completion report for a water well in a city or county overlying a critically overdrafted basin to include certain additional information, including, among other things, the proposed capacity, estimated pumping rate, anticipated pumping schedule, and estimated annual extraction volume. By adding to reporting requirements, the violation of which is a crime, this bill would impose a state-mandated local program.

Fiscal Effect:

According to the Senate Appropriations Committee: • Between \$300,000 and \$1 million (special fund) to DWR to provide technical assistance to landowners and local jurisdictions. • Unknown costs to the state as a landowner dependent upon wells.

Background:

Cumulatively, critical water basins experience nearly 2 million acre feet of overdraft annually. Subsidence in some locations has exceeded more than 20 feet in the last two decades. Subsidence leads to crumbling roads, bridges, aqueducts, pipelines and more. Those are state assets that state taxpayers and ratepayers paid for, and for which they will have to pay to repair. Public health is at risk as aquifer depletion leads to higher concentrations of pollutant contamination.

State policy guarantees clean drinking water for all Californians. Depleted aquifers place stress on alternative water supplies from the delta, much of which is in my senate district. This stress makes it more difficult to balance competing needs for delta water. Some suggest that we do nothing until sustainable groundwater management plans are prepared and adopted several years from now. The longer we wait to consider the undesirable results of drilling, the more difficult it will be to achieve groundwater sustainability once the plans are adopted.

Notwithstanding the enactment of the Sustainable Groundwater Management Act in 2014, the increased pumping from irrigation wells has resulted in more than 3,100 domestic and small community wells in critical basins to go dry. Drilling costs for everyone have increased, and we are hard pressed to clean-up what's left in the ground. Transparency will help all stakeholders to contemplate innovative solutions and assist the implementation of sustainable groundwater management plans as they are adopted.

Arguments in favor:

According to the author, “The Sustainable Groundwater Management Act was a critical step toward achieving groundwater sustainability. However, it will not be fully implemented for several years, allowing groundwater overdraft to continue, negatively impacting water supplies for existing pumpers. Greater transparency is needed to provide existing pumpers and landowners with important information about the use of shared groundwater resources, specifically regarding applications for new well permits. This bill protects existing groundwater pumpers and landowners most at risk from increased groundwater overdraft by increasing transparency about proposed new wells in critically overdrafted basins. It requires new well permit applicants to notify their neighbors of their intent and provide basic information about the proposed well, and requires cities and counties to make the details of new well permit applications publicly available, prior to approval.”

Supporters argue that this bill will improve transparency and accountability of new wells by improving reporting requirements in overdrafted basins, including the proposed depth and capacity, estimated extraction volume, planned use, location, and other details about these new wells. They argue that increased drilling in the recent past years in critically overdrafted basins is driving down aquifer levels and drying up shallower wells, including domestic wells. Overdrafting of groundwater has been shown to damage infrastructure, and they are concerned that continued overdraft will affect expensive state infrastructure, such as highways and canals.

According to the author, “Recently, the Department of Water Resources released a new report from NASA, showing that areas of the San Joaquin Valley, some of which have critical water basins, continue to experience significant subsidence, resulting in damage to state and federal water infrastructure. Acting DWR Director William Croyle said that the rate of subsidence are ‘troubling and unsustainable...the current rates jeopardize infrastructure serving millions of people. Groundwater pumping now puts at risk the very system that brings water to the San Joaquin Valley. The situation is untenable.’”

Arguments in Opposition:

A number of arguments have been raised, mainly by agricultural interests. In opposing the bill, they refer to the Governor’s signing message related to the SGMA bill package in 2014, which stated “a central feature of these bills is the recognition that groundwater management in California is best accomplished locally. Local agencies will now have the power to assess the conditions of their groundwater basins and take the necessary steps to bring those basins in a state of chronic long-term overdraft into balance.”

According to the opposition:

1. The bill changes common law concerning groundwater disputes and will trigger basinwide adjudications, undermining the SGMA process. Claims of well interference, or quiet title, against a well owner believed to be unlawfully impacting rights to use groundwater, except in very limited circumstances, leads to a basin-wide groundwater adjudication. This is because the only way for a well owner to demonstrate well interference is to prove the alleged interferer is pumping in excess of their correlative right to groundwater in the basins.
2. It undermines the intent of SGMA to achieve groundwater sustainability through local management. Requiring cities and counties that overlay overdraft basins to take specific actions regarding new wells is counter to SGMA’s goal and hinders the ability of local agencies to analyze and determine the necessary management tools required to achieve sustainability in each basin.
3. The bill imposes significant burdens on well applicants and cities and counties that could open the door for litigation. SB 252 creates an extensive list of information an applicant must provide. These requirements are overly burdensome, raise privacy issues due to the information being made public.
4. The bill would deprive cities and counties overlying critically overdrafted basins from receiving state funding for projects necessary to comply with SGMA if the DWR deems a city or county is not in compliance with the requirements of the bill.
5. The bill does not have a sunset, so cities and counties overlying critically overdrafted basins will be required to comply with the requirements of this bill in perpetuity, even if the GSA in the basin determines there is a better course of action to be taken concerning groundwater extractions than is mandated in the bill.
6. The Legislature should allow SGMA and local efforts to succeed before adding additional mandates.

Support: (Verified 6/12/17)

Audubon California
California Climate and Agriculture Network (CalCAN)
California Coastal Protection Network
California Coastkeeper Alliance
California Groundwater Coalition
California League of Conservation Voters
California Rural Legal Assistance Foundation
Ceres
Clean Water Action
Community Alliance with Family Farmers
Community Water Center

Condor's Hope Ranch, Cuyama Valley,
Santa Barbara County Environmental Defense Fund
Environmental Justice Coalition for Water
Karuk Tribe Leadership
Counsel for Justice and Accountability
Nature Conservancy
The North Coast Streamflow Coalition
North County Watch
Planning and Conservation League
Sierra Club
Union of Concerned Scientists

Opposition: (Verified 6/12/17)

African American Farmers of California
Agricultural Council of California
Almond Alliance of California
Association of California Egg Farmers
Association of California Water Agencies
California Association of Nurseries and Garden Centers
California Association of Wheat Growers
California Association of Winegrape Growers
California Bean Shippers Association
California Building Industry Association
California Business Properties Association
California Chamber of Commerce
California Citrus Mutual
California Cotton Ginners & Growers Association
California Dairies, Inc.
California Farm Bureau Federation
California Fresh Fruit Association
California Grain & Feed Association
California Groundwater Association
California League of Food Processors
California Pear Growers

California Seed Association
California State Association of Counties
California Strawberry Commission
California Tomato Growers Association
California Warehouse Association
Family Winemakers of California
Far West Equipment Dealers Association
Fresno County Board of Supervisors
Kern County Board of Supervisors
Kings River Conservation District
Kings River Water Association
League of California Cities
Milk Producers Council
Nisei Farmers League
San Joaquin River Exchange
Contractors Water Authority
Valley Ag Water Coalition
Western Agricultural Processors Association
Western Growers Association
Western Plant Health Association
Wine Institute

Status: Assembly Committee on Water, Parks and Wildlife

Senate Floor votes: **NO: Stone, Morrell** **NVR: Roth**

Assembly floor votes:

Legislative Item #4	Tax Reform & Job Creation	Action
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[SB 30, as amended, Lara. California-Mexico border: federally funded infrastructure.](#)

Recommended action: **OPPOSE**
Presentation: Gene Wunderlich

Summary:

Border Wall Vendor State Boycott. Unfairly and broadly targets businesses to prohibit from contracting for goods and services with the state based on principles unrelated to the contractor's ability to perform the service or provide the goods, the quality of the goods or service, and the cost of the contract.

This bill prohibits, commencing January 1, 2018, the state from awarding or renewing any contract with any person that, at the time of bid or proposal for a new contract or renewal of an existing contract, is providing or has provided goods or services to the federal government for the construction of a federally funded wall, fence, or other barrier along California's southern border.

Description:

Existing law establishes the border between the United States and Mexico, which includes the southern border of California.

This bill would make findings and declarations related to a wall on the border between California and Mexico.

This bill would prohibit the state, commencing January 1, 2018, from awarding or renewing any contract with any person, as defined, that at the time of bid or proposal for a new contract or renewal of an existing contract is providing or has provided *on or after January 1, 2018*, goods or services to the federal government for the construction of a federally funded wall, fence, or other barrier along California's southern border. *border, as defined.*

Existing law defines "responsible bidder" for the purposes of public works contracts as a bidder who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the public works contract.

This bill would provide that, for purposes of contracts with the state, the term "responsible bidder" does not include a bidder who, at the time of the bid or proposal for a new contract or renewal of an existing contract, is providing or has provided goods or services *on or after January 1, 2018*, to the federal government for the construction of a federally funded wall, fence, or other barrier along California's southern border. *border, as defined.*

Arguments in support:

According to the Natural Resources Defense Council, "the wall could cause significant damage to the fragile desert environment along California's portion of the border. In other states, border walls and barriers have had dire consequences for vast expanses of pristine wild lands, including wildlife refuges, wilderness areas, and national forests.

The proposed wall would threaten numerous threatened and endangered California desert species, as well as critically important cross-border wildlife corridors that ensure genetic diversity in those species' populations." In addition, the California Environmental Justice Alliance argues that, "a physical barrier along the southern border has the potential to cause psychological trauma while costing taxpayers billions of dollars.

SB 30 would prohibit the state of California from contracting with a business that participates in the construction of the wall. This bill reinforces the state's commitment to economic prosperity, environmental protection, and social justice for all."

Arguments in opposition:

The opposition argues that, "Congress, the State Legislature, and local governments lawfully have the right to exercise which projects should or should not be funded. Likewise, contractors should be able to enjoy a comparable right to choose which projects they wish to bid on without fear of reprisal or discrimination. This is a fundamental right that should not be abridged or denied. Legislation that places a political judgment on a type of construction project is to pick indiscriminate winners and losers not based on the merits of the construction job, but instead on the underlying construction project."

Fiscal effect:

According to the Senate Appropriations Committee, one-time potential information technology costs for developing resources to create and monitor a list of contractors who enter into new contracts to provide goods and services for the construction of a federally funded border wall, fence, or barrier.

In addition, potential increase in state contracting costs, to the extent contractors are deemed ineligible due to providing or having a history of providing goods or services towards the construction of a U.S.-Mexico border wall, fence, or barrier. Contracting costs could also be impacted by a reduction in the pool of eligible contractors. Reduced competition for state contracts could potentially lead to higher prices for contracts.

Support: (Verified 6/12/17)

Asian Americans Advancing Justice
California Asian Pacific Environmental Network
California Environmental Justice Alliance
CaliforniaHealth+ Advocates
Coalition for Humane Immigrant Rights

Defenders of Wildlife
National Association of Social Workers
Natural Resources Defense Council
Service Employees International Union
Sierra Club California

Opposition: (Verified 6/12/17)

Associated General Contractors of California
Associated General Contractors, San Diego
California Chamber of Commerce

Sacramento Regional Builders Exchange
Southern California Contractors Association

Status: Assembly Committee on Accountability and Administrative Review

Senate Floor votes: **NO: Stone, Morrell** **NVR: Roth**

Assembly floor votes:

Legislative Item #5	Job Creation & Retention	Action
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SB 237, as amended, Hertzberg. Criminal procedure: arrest.

Recommended action: SUPPORT
Presentation: Gene Wunderlich

Summary:

Authorizes a peace officer to release an arrested person from custody without taking him or her before a judge if the person is delivered, after arrest, to a hospital or urgent care facility for the purpose of mental health evaluation and treatment, and no further criminal proceedings are desirable. Specifies that such an arrest shall not be deemed an arrest, but a detention only.

Description:

Existing law requires that a person arrested without a warrant be taken before a magistrate without unnecessary delay. Existing law also provides certain circumstances under which a person arrested without a warrant may be released from custody before being taken before a magistrate, including, among others, when the arresting officer believes that insufficient grounds exist to make a criminal complaint against the person arrested or when the person is arrested for intoxication only and no further proceedings are desirable.

Existing law requires a person who is arrested and released without being charged to be issued a certificate describing the action as a detention and requires any reference to the action as an arrest to be

deleted from the arrest records of the arresting agency and the Department of Justice. Existing law requires the Attorney General to prescribe the form and content of the certificate.

This bill would authorize an arresting officer to release an arrested person from custody without taking him or her before a magistrate if the person is delivered, subsequent to being arrested, to a specified facility for the purpose of mental health evaluation and treatment and no further criminal proceedings are desirable.

The bill would require a person arrested and released pursuant to this provision to be issued a certificate describing the action as a detention.

Frequency of Law Enforcement Contacts Involving Mental Health Issues: Law enforcement officers are often the first responders to mental health crisis calls; they respond to 911 calls ranging from suicide attempts to individuals potentially endangering themselves or others. Studies confirm that the volume of calls to law enforcement involving crisis mental health concerns have been increasing in the past decade. Mental health crisis calls also take more officer time to resolve. More than eighty percent of the agencies that Disability Rights California surveyed report that officers spend more time on these calls.

Nearly 4 out of 10 agencies estimated that officers spend two hours or more on mental health calls. This means that on a typical day, officers can spend 1/3 of their time in interactions which would necessitate skills in crisis intervention and de-escalation. Beyond crisis calls, officers routinely respond to calls where they are required to determine whether a person meets the criteria for involuntary detention for psychiatric assessment and treatment (otherwise known as 5150). Even standard crime scene calls require officers to use skills to de-escalate potentially volatile situations when interacting with members of the public.

Arguments in support:

According to the author, "SB 237 would create more options for compassionate treatment for individuals with mental illness by allowing law enforcement to transport low level offenders suffering from an acute mental health crisis to Urgent Care Centers (UCCs) rather than to jail." "UCCs are not inpatient facilities but are safe and secure acute care medical facilities that specialize in treating persons with mental illnesses. UCCs provide a location, other than emergency rooms or county jails, where persons suffering from mental health crises can be evaluated, psychiatrically stabilized and have a plan for further action formulated to assist them, whether by returning home, proceeding to a residential treatment location, a hospital, supportive housing, substance use disorder treatment facility. "Law enforcement may lack the legal authority to transport an individual suffering from an acute mental health crisis to a mental health UCC in lieu of arrest, absent the individual's consent for treatment. UCCs can serve as an alternative to county jail where persons suffering from mental health crisis can receive the help they need."

According to The Los Angeles County District Attorney, "SB 237 is meant to encourage mental health diversion of persons suffering from mental illnesses who commit low-level criminal offenses by transporting them to unlocked mental health facilities instead of jail." "UCCs are acute care medical facilities where persons with mental illnesses can be evaluated by clinicians, and can remain for a period of time not to exceed 23 hours and 59 minutes.

UCCs are not inpatient facilities, and are not locked, but are safe and secure locations where persons suffering from acute mental health crises can be evaluated, psychiatrically stabilized and have a plan for further action formulated to assist them, whether by returning home, proceeding to a residential treatment location, a hospital, supportive housing, substance use disorder treatment facility, etc. UCCs were originally created to specialize in mental health issues and provide a location other than emergency rooms where persons suffering from mental health crises could receive specialized, immediate treatment. More recently, UCCs have also provided a location other than the county jail where persons suffering from mental health crises could receive help.

"However, law enforcement personnel have expressed reservations about using the UCCs for mental health diversion due to uncertainty regarding their legal authority to transport individuals for treatment rather than incarceration. SB 237 seeks to solve that problem. Law enforcement personnel and their legal counsel have indicated that they lack the legal authority to transport a persons with mental illnesses to a UCC in lieu of arrest, absent the person's consent. Law enforcement personnel are often reluctant to seek written consent

from persons who suffer from mental illnesses, and indeed may lack expertise in knowing when such a person is capable of consent.

Related Legislation:

AB 473 (Waldron), would have required the University of California Criminal Justice and Health Consortium to administer a four year pilot project in six counties for the purpose of creating programming and treatment for mentally ill adults in county jails who have co-occurring substance use disorders. AB 473 was held in the Assembly Appropriations Committee.

Support: (Verified 7/12/17)

Los Angeles County District Attorney's Office (Sponsor)
American Civil Liberties Union
Association for Los Angeles Deputy Sheriffs
Association of Deputy District Attorneys
California Access Coalition
California Association of Code Enforcement Officers
California Attorneys for Criminal Justice
California College and University Police Chiefs Association
California Council of Community Behavioral Health Agencies
California District Attorneys Association
California Narcotic Officers Association
California Probation, Parole and Correctional Association
California Public Defender's Association

California Public Defender's Association
Californians for Safety and Justice
Chief Probation Officers of California
Disability Rights
California Drug Policy Alliance
Los Angeles County Board of Supervisors
Los Angeles County Professional Peace Officers Association
Los Angeles Police Protective League
NAMI, California
National Association of Social Workers, California Chapter
Peace Officers Research Association of California
Riverside Sheriffs Association

Opposition: (Verified 7/12/17)

None on record

Status: Assembly Appropriations

Senate Floor votes: YES: Stone, Morrell, Roth

Assembly floor votes:

AB 1139, as amended, Reyes. Real property: transfer fees: notices.**Recommended action: SUPPORT****Presentation: Gene Wunderlich****Summary:**

This bill requires anyone seeking payment of a property transfer fee to record notice that the existence of the fee may make it more difficult for the property owner or a prospective buyer to obtain financing unless the transfer fee provides a "direct benefit" to the property in question. Requires an advisory notice to potential homebuyers informing them of federal restrictions associated with private transfer fees that may make it more difficult to obtain home financing.

Background:

Private transfer fees (PTF) are generally imposed by a developer and require a homebuyer -- and any subsequent purchaser of a home -- to pay the fee every time a property is re-sold, in an amount typically based on a percentage of the sale price. The money generated by the PTF is sometimes used for environmental mitigation or development of affordable housing, but in other cases simply operates as a deferred profit for the developer or property owner who imposes the fee.

While PTFs are not prohibited by state law, in practice their use has been severely curtailed in recent years, largely because of Federal Housing Finance Agency (FHFA) regulations that became effective on February 8, 2011. Under these FHFA rules, Freddie Mac and Fannie Mae mortgages require funds generated by a PTF to provide a direct benefit (as defined) to the encumbered property. In other words, if the PTF provides no direct benefit to the property (which is common in many cases), then the result is that the owner or prospective owner is effectively ineligible to obtain a Fannie or Freddie-backed mortgage—making it much more difficult to secure appropriate financing for the property.

Existing law provides that when a PTF is imposed on real property on or after January 1, 2008, the person or entity imposing the transfer fee must, as a condition of payment of the fee, concurrently record against the property a separate document entitled "Payment of Transfer Fee Required." Although this separate document contains important information about the amount and purposes of the fee, it does not, notify potential home buyers of the FHFA regulations that effectively preclude, in many cases, any Freddie Mac or Fannie Mae backed financing of the property.

Without this critical information, the author contends, the current disclosure statement does not put home buyers on notice about the implications of the FHFA requirements, and makes it difficult for them to assess their possible financing options. Accordingly, this bill, sponsored by the California Association of Realtors, seeks to increase the transparency of the home-buying transaction and provide a specific advisory notice to alert prospective home buyers, with respect to financing ability, about the hidden consequences of any mortgage that is encumbered by a PTF. The advisory notice is simply added on to the existing disclosure statement, described above, that is recorded against the property and that, in order to ensure greater transparency, is required under existing law to be available as a separate document and not be incorporated by reference into other documents. This bill has no known opposition.

SUMMARY:

Description:

Existing law federal regulations generally prohibit the Federal Home Loan Mortgage Corporation and any affiliate thereof, the Federal National Mortgage Association and any affiliate thereof, and any Federal Home Loan Bank from purchasing, investing, or otherwise dealing in any mortgages on properties encumbered by private transfer fee covenants, as defined, securities backed by such mortgages, or securities backed by the income stream from such covenants, unless the private transfer fee covenant meets specified

requirements, including that it provides a direct benefit, as defined, to the encumbered property or is otherwise exempted as provided.

Existing law defines a transfer fee with respect to real property and requires the receiver of the fee as a condition of the payment of the fee, on and after January 1, 2009, to record specified information in the chain of title. Existing law specifies that when a transfer fee is imposed upon real property on or after January 1, 2008, the person or entity imposing the transfer fee, as a condition of payment of the fee, must record a separate document meeting specified requirements. Among other things, that document must contain the title "Payment of Transfer Fee Required" in at least 14-point boldface type and include names of all current owners of the real property subject to the fee, and the legal description and assessor's parcel number for the affected property, and the fee amount.

This bill also would bill, unless a specified exception under federal regulations applies, would require that document, for private transfer fees created on or after February 8, 2011, to contain a notice in at least 14-point boldface type disclosing certain information, including that federal housing agencies are prohibited from dealing in mortgages on properties encumbered by private transfer fee covenants that do not provide a direct benefit to real property encumbered, and that if a person purchases such a property, that person may have difficulty obtaining financing.

Specifically, this bill:

- 1) Requires, for private transfer fees created on or after February 8, 2011, a specified advisory notice to be included with the statutory "Payment of Transfer Fee Required" notice required by Civil Code Section 1098.5.
- 2) Requires the advisory notice to appear in at least 14-point boldface type and state:

"The Federal Housing Finance Agency and the Federal Housing Administration are prohibited from dealing in mortgages on properties encumbered by private transfer fee covenants that do not provide a "direct benefit" to the real property encumbered by the covenant. As a result, if you purchase such a property, you or individuals you want to sell the property to, may have difficulty obtaining financing."

Arguments in support:

Allows Freddie Mac, Fannie Mae, and the Federal Home Loan Bank to invest or otherwise deal in mortgages on properties encumbered by private transfer fee covenants if those covenants are created pursuant to an agreement entered into before February 8, 2011, applicable to land that is identified in the agreement, and the agreement was in settlement of litigation or approved by a government agency or body. This part also applies to securities backed by mortgages to which this part applies, and to securities issued after February 8, AB 1139 Page 5 2011, backed by revenue from private transfer fees regardless of when the covenants were created. (12 C.F.R. 1228.3.)

The problem is that this impact on access to financing, like property transfer fees themselves, is not obvious and could easily catch home-buyers unaware. While far from guaranteeing that a prospective homebuyer will read and comprehend the warning, this bill's notice requirement imposes greater transparency on the true nature of the bargain that a homebuyer is entering into when purchasing property subject to a transfer fee that creates no direct benefit to the property in question.

Support: (Verified 6/12/17)

California Association of Realtors (source)

Opposition: (Verified 6/12/17)

None on file

Status: Assembly floor / concurrence

Senate Floor votes:

Assembly floor votes:

YES: Cervantes, Mayes, Medina, Melendez, Waldron

Legislative Item #7	Infrastructure & Job Creation	Action
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1. **[AB 45, as amended, Thurmond. California School Employee Housing Assistance Grant Program.](#)**

Recommended action: SUPPORT

Presentation: Gene Wunderlich

Summary:

AB 45 seeks to transfer \$25 million from the General Fund to the School Employee Housing Assistance Fund, which is managed by CalHFA. The bill requires CalHFA to create and administer a grant program to provide both predevelopment grants and development grants to qualified school districts for the creation of affordable rental housing for school employees. C.A.R. supports AB 45: it seeks to alleviate the state's housing shortage, while capitalizing on limited land resources, by creating an alternative program to create affordable housing within our most populated communities.

Description:

Requires CalHFA to administer a program to provide financing assistance for the creation of affordable rental housing, defined as serving persons and families of low- or moderate-income, for school district employees. The financing shall be in the form of predevelopment grants to qualified school districts and loans to qualified developers.

Defines "qualified developer" as a developer that has partnered with a qualified school district to create affordable rental housing for school district employees.

Defines "qualified school district" as a school district that satisfies the following:

- a) Has acquired land that may be used to engage in a lease and development agreement, including, but not limited to, a joint occupancy agreement, for the purposes of design, construction, financing, and long-term operation of a housing development and amenities from a school district, special district or a city.
- b) Has a high percentage, as determined by the California Department of Education (CDE) of teachers with intern credentials, permits, and waivers, based upon the most recent report published by the Commission on Teacher Credentialing at the time the school district has submitted an application, as specified.
- c) Demonstrates to the CDE that the project is both subject to a project labor agreement and is either a public work or otherwise subject to a legally binding requirement that prevailing wages be paid to all workers employed by the project.

Arguments in support:

According to the author, "AB 45 is a solution that works to provide a balance of jobs and housing that will support and strengthen our diverse communities. Housing for our school employees has proven to be a solution in various districts both within and outside this state. Providing a mechanism for school districts to provide affordable housing and improve student outcomes is a win for community and for our kids."

Historically, the state has funded housing programs through the sale of general obligations bonds. Most recently, the voters approved a \$2.1 billion bond through Proposition 46 in 2002 and then a \$2.85 billion bond through Proposition 1C in 2006. These funds financed the construction, rehabilitation, and preservation of 183,000 units, including shelter spaces and permanent supportive housing for the homeless. HCD has awarded almost all of the funds made available under these propositions, particularly in its main programs. Additionally with the loss of redevelopment funding, California has lost an estimated \$1.5 - \$1.7 billion per year in funding for affordable housing.

Given that this bill proposes to provide general funds for the creation of affordable rental housing for school employees, the author has agreed to require HCD, instead of CalHFA, to administer the California School Employee Housing Assistance Program.

It is no secret that California currently faces an affordable housing crisis. A person earning minimum wage must work three jobs on average to pay the rent for a two-bedroom unit. Housing units affordable to low-income earners, if available, are often in serious states of disrepair. A recent report by HCD highlighted the depths of the resulting housing shortage, showing that statewide for low-, very low-, and extremely low-households, California is short about 3.5 million rental units. That same report showed that for moderate- and above moderate-income levels, there was a sufficient number of rental housing, at least on a statewide average basis, indicating that the focus should be on the poorest households.

Arguments in Opposition:

While school employees are adversely affected by the high cost of housing in California, so are many other populations. Are school employees more deserving of housing than children aging out of the foster care system, homeless LGBTQ individuals, and single-mothers with children working multiple jobs, veterans, or domestic violence survivors? The committee may wish to consider whether this program should focus more broadly on finding investments to fund housing affordable to all vulnerable, lower-income populations, rather than single-out individual groups to the detriment of others.

A coalition of builders and contractors is opposed to this bill due to the requirement in the bill that any project funded by a predevelopment grant is subject to a project labor agreement (PLA). The opposition states that supporters of PLAs justify them in complex, major projects comprised of many trades, but point out that building affordable housing is not complex. The opposition also points to studies that demonstrated PLAs result in higher bidding and construction costs.

According to the Nonprofit Housing Association of Northern California (NPH), who removed their support from this bill following the PLA amendment, the provision would be the most far-reaching and expansive labor requirement in any of the affordable housing funding bills in the Legislature this session. NPH has suggested that, similar to other proposals from the building trades, this bill should instead create a baseline of requiring prevailing wages and leave the imposition of a PLA requirement up to the local jurisdictions that would actually be helping to finance the project. Some school districts, especially in suburban and rural areas, would want to do a relatively small teacher-housing building with stick construction, surface parking and stairs (no elevators). NPH states that it doesn't make sense to have a 30- or 40-unit project have to try to administer a PLA as if it were a large public works project.

Author's Amendments. The author is proposing to make several relatively technical amendments to the bill, which would do the following: (1) permit school districts to submit documentation to CDE and for CDE to assess whether the school has a recruitment and retention problem; clarify that predevelopment grants are to go to developers, not school districts; provide that no funds will count towards the Proposition 98 funding guarantee; and require HCD to certify that any project funded through a predevelopment grant meets specified requirements.

Support: (6/21/17)

California Federation of Teachers (co-sponsor)
California Teachers Association (co-sponsor)
State Building Trades and Construction Council (co-sponsor)
AFL-CIO Housing Investment Trust
California Apartment Association

California Association of Realtors
California Faculty Association
California School Employees Association
Common Sense Kids Action
Compton Unified School District
Congressmember Mark DeSaulnier, 11th District

Contra Costa Supervisor John Gioia
League of California Cities
San Francisco Unified School District
Santa Clara County Office of Education

The Arc and United Cerebral Palsy Collaboration
United Teachers of Richmond
West Contra Costa Unified School District

Opposition: (Verified 6/21/17)

California Fire Sprinkler Association
Central Valley Association Builders and Contractors
Independent Roofing Contractors of California
Plumbing-Heating-Cooling Contractors Association of
California

San Diego Associated Builders and Contractors
Southern California Associated Builders and Contractors
Western Electrical Contractors Association

Status: Senate Governance & Finance, Transportation & Housing.

Senate Floor votes:

Assembly floor votes: YES - Cervantes, Medina

NO - Waldron, Mayes

NVR - Melendez

SWCLC
2017 Bill Tracker - Crossover

Month	Bill #	Author	Party	Intent	Position	status	Senate			Assembly				
							Stone	Roth	Morrell	Melendez	Waldron	Medina	Cervantes	Mayes
1	AB 4	Waldron	R	Voter integrity	S	S				Y	Y	Y	Y	Y
3	AB 86	Calderon	D	Entrepreneur residence	S	S				Y	Y	Y	Y	Y
4	AB 182	Waldron	R	Opioid education	S	S				NVR	Y	Y	Y	Y
4	AB 265	Wood	D	Prescription drugs	S	S				NVR	N	Y	Y	NVR
2	AB 403	Melendez	R	Whistleblower	S	S				Y	Y	Y	Y	Y
3	AB 657	Cunningham	R	Small biz liaison	S	S				Y	Y	Y	Y	Y
3	AB 816	Kiley	R	Webcasts	S	S				Y	Y	Y	Y	Y
4	AB 943	Santiago	D	Land Use	S	S				Y	NVR	Y	Y	Y
3	AB 1583	Chau	D	Prop 65 enforcement	S	S				Y	Y	Y	Y	Y
4	AB 1654	Rubio	D	Water Planning EVMWD	S	S				NVR	Y	Y	Y	Y
4	SB 17	Hernandez	D	Prescription drugs	S	A	N	Y	N					
4	SB 167	Skinner	D	Housing accountability	S	A	Y	Y	N					
4	SB 182	Bradford	D	Transportation licensure	S	A	Y	Y	Y					
3	SB 346	Glazer	D	Computer science	S	A	Y	Y	Y					
2	SB 434	Galgiani	D	Mtg debt forgiveness	S	A	Y	Y	Y					
5	SB 540	Roth	D	WHOZ	S	A	Y	Y	N					
3	SB 769	Hill	D	Baccalaureate degree	S	A	Y	Y	Y					
3	Prop 51			MSJC funding	S									
3				CA WaterFix	S									
5				Delta Stewardship Council WMD	S									
5	AB168	Eggman	D	Salary information	O	S				N	Y	NVR	Y	NVR
2	AB199	Chu	D	public / private works	O	S				NVR	N	Y	Y	Y
5	AB245	Gomez	D	Haz Waste	O	S				N	NVR	Y	NVR	N
2	AB246	Santiago	D	Haz waste permits	O	S				NVR	N	Y	Y	N

