



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE OFFICE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: Joel Joyce, Management Analyst
DATE: June 2, 2015
SUBJECT: 2015 State Budget and Legislative Advocacy Update

ACTION REQUESTED:

1. Receive an update on the FY 2015-16 May Budget Revision and State legislative advocacy efforts

BACKGROUND:

In December 2014, your Board approved the 2015 Legislative Platform guiding staff advocacy efforts during the year. County staff from various departments advocate for our 2015 priorities and monitor numerous bills; often initiating action for your Board's consideration. To date, through these efforts, the County has taken positions on bills covering a variety of topics including health and human services, housing, transportation, natural resources, labor and water. Today staff is providing a brief legislative update as bills move out of committee and the Governor's May Revision to the FY 2015-16 Proposed State Budget is released.

MAY 2015 STATE BUDGET UPDATE

On May 14, Governor Brown released the May revision to his proposed FY 2015-16 budget. The revised budget comes in at \$115.3 billion, up \$6.7 billion since the January budget proposal with revenues of \$115.0 billion, and a general budget reserve of \$1.1 billion. Compared to January, the revenues represent an increase of \$1.7 billion.

The Governor maintains his focus on the State's fiscal stability, paying down debt, and reluctance to create new programs. The May Revision continues administration priorities of Local Control Funding Formula (LCFF) and funding for the federal health care reform, public safety realignment, drought, and Cap and Trade expenditure plan. Other May revision highlights that are of note to Placer County are outlined below.

UNFUNDED MANDATES

The 2014 Budget Act included a trigger mechanism that makes additional mandate payments, if estimated General Fund revenues exceed a specified threshold. Current estimates indicate the trigger mechanism calculation will result in a total of \$765 million, which will fully satisfy the remaining pre-2004 mandate debt. This amount is \$232 million more than what was estimated in the Governor's Budget. Of the \$765 million, approximately 77 percent will go to counties, 22 percent to cities, and 1 percent to special districts.

NATURAL RESOURCES

2015-16 CAP-AND-TRADE EXPENDITURE PLAN

The Administration proposes to spend \$2.2 billion to further reduce emissions by providing additional resources for clean transportation and mass transit, energy efficiency, renewable energy, waste reduction, and ecosystem restoration programs.

DROUGHT RESPONSE

The Administration proposes to spend \$2 billion on drought relief, in addition to the \$1 billion drought relief package passed in February. Of this amount, over \$120 million is proposed from the General Fund for fire protection, disaster assistance, and other emergency response; \$1.7 billion is proposed from Proposition 1 (Water Bond), mainly for water quality and water supply projects; and at least \$220 million is proposed from Cap-and-Trade funds.

LAKE TAHOE ENVIRONMENTAL IMPROVEMENTS

The May Revision proposes to allocate \$375,000 from funds dedicated to the California Tahoe Conservancy (Lake Tahoe Conservancy Account), to fund an independent evaluation of the Tahoe Regional Planning Agency's environmental thresholds.

FOREST HEALTH IMPROVEMENT PROJECTS

The May Revision includes a proposal to allocate \$5 million (General Fund) from the Department of Forestry and Fire Protection to the Conservation Corps for forest health projects targeted in high fire risk areas of the state.

OTHER ITEMS

MEDI-CAL ELIGIBILITY WORKLOAD

The May Revision includes an additional \$150 million (\$48.8 million General Fund) in FY 2015-16 for federal health care reform-related Medi-Cal eligibility determination workload performed by the counties. \$150 million was included in the January Budget for FY 2014-15.

PUBLIC SAFETY REALIGNMENT

Funding for Public Safety Realignment also known as AB 109 remains identical from January 2015 at \$1.06 billion in base; however, the 2014-15 Community Corrections Subaccount growth figure has been revised upward to \$135.4 million from \$127.7 million estimated in the Governor's January Budget. The amount will continue to change based on statewide sales tax performance until the data is finalized in August.

FUTURE ECONOMIC FORECAST

The Governor's economic forecast is similar to January, with steady improvement over the short and intermediate term. The Governor has projected GDP increases of 2.8 and 2.7 percent in 2015 and 2016 respectively. Personal income in the state is expected to grow by 4.8 percent from 2014 to 2015, and 5.2 percent from 2015 to 2016. The average annual unemployment rate is expected to drop to 6.5 percent through 2015, and down to 6.0 percent in 2016. As of February 2015, Placer County's unemployment rate is 5.4 percent – well below the national and state average.

2015 State Legislative Advocacy Update

Following Placer County's adopted Legislative Platform, staff has been tracking over 300 pieces of legislation that have been introduced since December 2014. Placer County will advocate either in support or opposition to certain bills. The County's advocacy efforts to date are detailed below.

SUPPORT

AB 171 (IRWIN) - DEPARTMENT OF VETERANS AFFAIRS: VETERANS' SERVICES

This bill would continuously appropriate the sum of \$5,600,000 from the General Fund to the Department of Veterans Affairs to be available for allocation to counties to fund the activities of county veterans service officers, as specified.

AB 268 (DODD) - WEIGHTS AND MEASURES: INSPECTION: FEES

This bill would extend the authority of the board of supervisors of a county to charge fees to recover the costs of the county sealer, as provided, until January 1, 2019, and would extend certain other related provisions. The bill would also continue the annual administrative fee to recover the costs incurred by the department described above until January 1, 2019.

AB 610 (JONES-SAWYER) – SUSPENSION OF SUPPORT ORDER

This bill would specify that the suspension of a child support order occurs by operation of law, and would authorize the local child support agency to administratively adjust account balances for cases managed by the agency. This would occur only if the agency verifies that arrears and interest were accrued in violation of these provisions, that specified conditions relating to the obligor's inability to pay while incarcerated and the underlying offense for which he or she was incarcerated do not exist, and neither the obligor nor the obligee object to the adjustment.

AB 1004 (DAHLE) - CALIFORNIA TAHOE CONSERVANCY

Current law establishes the California Tahoe Conservancy within the Natural Resources Agency to, among other things, acquire, restore and manage property, protect the natural environment, and preserve the scenic beauty and recreational opportunities of the Lake Tahoe region, as defined. This bill would, except as provided, authorize the Conservancy to take specified actions relating to the lease, sale, exchange, and transfer of any real property or interest therein, or option acquired under those provisions to fulfill the purposes of the Conservancy and to promote specified state planning priorities.

AB 1159 (GORDON AND WILLIAMS) - PRODUCT STEWARDSHIP: PILOT PROGRAM: HOUSEHOLD BATTERIES AND HOME-GENERATED SHARPS WASTE – AS AMENDED

This bill would establish the Product Stewardship Pilot Program and, until January 1, 2024, would require producers and product stewardship organizations of covered products, (defined to mean a consumer product that is used or discarded in this state and is either home-generated sharps waste or household batteries) to develop and implement a product stewardship plan.

SB 317 (DE LEON) - THE SAFE NEIGHBORHOOD PARKS, RIVERS, AND COASTAL PROTECTION BOND ACT OF 2016

This bill would enact the Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2016, which, if adopted by the voters at the November 8, 2016 statewide general election, would authorize the issuance of bonds in the total amount of \$2.45 billion.

SB 234 (WOLK) - WILDLIFE MANAGEMENT AREAS: PAYMENTS (PILT)

SB 234 seeks to appropriate \$19 million from the General Fund to the Department of Fish and Wildlife (DFW) to make payments to counties for past due obligations related to Payment in Lieu of Taxes (PILT) for wildlife management areas,

OPPOSITION

AB 45 (MULLIN) - HOUSEHOLD HAZARDOUS WASTE

This bill would require each jurisdiction that provides for the residential collection and disposal of solid waste to increase the collection and diversion of household hazardous waste in its service area, on or before July 1, 2020, by 15% over a baseline amount, to be determined in accordance with Department of Resources Recycling and Recovery regulations. The bill would authorize the department to adopt a model ordinance for a comprehensive program for the collection of household hazardous waste to facilitate compliance with those provisions, and would require each jurisdiction to annually report to the department on progress achieved in complying with those provisions.

Other Efforts

In addition to the above legislation, Placer County has advocated for an increase in funding and/or support for a variety of issues including, but not limited to, Foster Parent and Kinship Recruitment, Retention and Support; local groundwater sustainability funding; and expansion of Broadband in rural areas.

Additionally, staff will continue to monitor FY 2015-16 budget-related bills and regulations concerning Cap and Trade funding, groundwater regulation, and any other issue that may have an impact to Placer County.

FISCAL IMPACT:

There is no fiscal impact associated with this item.