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**M E M O R A N D U M**

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**To:**           **The Honorable Lydia Kou and Members of the Palo Alto City Council**  
**CC:**           Ed Shikada, City Manager  
                Chantal Cotton Gaines, Deputy City Manager

**From:**       **Townsend Public Affairs**  
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**Date:**        **May 4, 2023**

**Subject:**     **State and Federal Legislative Updates**

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Townsend Public Affairs, Inc. (TPA) has prepared this report for the City of Palo Alto to provide a summary of State and Federal efforts, highlight the current status of the legislative process, and identify various pieces of legislation that may be of interest to the City.

### **State Legislative Updates**

With the deadline for measures with a fiscal impact to receive policy committee consideration by April 28, the month of April featured policy committees with packed agendas. The deadline marks an important milestone for bills, given that policy committees are responsible for the consideration of a bill's policy implications. During the policy committee process, bills are amended and refined pursuant to committee member and stakeholder input. If they are deemed to have a fiscal impact, they move over to the appropriate Appropriations Committee, which gauges impacts on the state's financial ability to support proposed programs. The shift from policy considerations to fiscal considerations aligns with the state's budget process, which will kick into high gear in May, with the release of the May Revision. The Revision will offer an assessment of the state's overall fiscal condition and ability to accommodate additional spending programs contained within various bills.

In the coming weeks, appropriations committees may hold bills that are deemed to have too big of a fiscal impact or one that is duplicative of existing budget programs. We can expect a growing number of bills to turn into "2-year bills," meaning that they will not progress during the 2023 Session, but may be revisited in 2024. Because the Legislative cycle runs a 2-year span, all bills that do not progress in the first year may be resurrected in the second year.

### **Priority Legislation for the City of Palo Alto**

#### **1. Bills With City Positions**

The following chart provides an overview of bills with positions taken or pending positions to take as of May 2, 2023.

BILL	SUMMARY/STATUS	CITY IMPACT	POSITION/ RECOMMENDATION
<a href="#">AB 1505</a> (Rodriguez)	<p>Appropriates \$250,000,000 for the purpose of implementing the Seismic Retrofitting Program for Soft Story Multifamily Housing</p> <p><b>Status: Passed policy committee process in first house, pending consideration from the Appropriations Committee.</b></p>	Seismic safety improvements align with the Palo Alto City Council's 2023 Priority of Community Health and Safety and will help the City progress in the seismic improvements objective.	City Position: Support
<a href="#">SB 43</a> (Eggman)	<p>Updates the definition of "gravely disabled" to include a new focus on preventing serious physical and mental harm stemming from a person's inability to provide for their needs for nourishment, personal or medical care, find appropriate shelter, or attend to self-protection or personal safety, due to their mental or substance use disorder.</p> <p><b>Status: Passed policy committee process in first house, pending consideration from the Appropriations Committee.</b></p>	One of the Palo Alto City Council Priorities for 2023 is Community Health and Safety which includes some focus on mental health. This bill seems to align with that priority.	City Position: Support
<a href="#">SB 363</a> (Eggman)	<p>Establishes a real-time, internet-based dashboard to collect, aggregate and display information about the availability of beds in a range of psychiatric and substance abuse facilities.</p> <p><b>Status: Passed policy committee process in first house, pending consideration from the Appropriations Committee.</b></p>	One of the Palo Alto City Council Priorities for 2023 is Community Health and Safety which includes some focus on mental health. This bill seems to align with that priority. The City would need to further analyze the resources required for this legislation.	City Position: Support
<a href="#">SB 423</a> (Wiener)	<p>Extends the provisions of SB 35 (Wiener, Statutes of 2017) indefinitely. Removes coastal exemption and objective planning standards criteria.</p> <p><b>Status: Passed policy committee process in first house, pending consideration from the Appropriations Committee.</b></p>	Palo Alto has included in the Legislative Guidelines many principles to support local control of land use and this bill contrasts with that.	City Position: Pending Opposition
<a href="#">SB 719</a> (Becker)	<p>Requires law enforcement agencies to ensure any non-confidential radio communications are accessible to the public.</p> <p><b>Status: Passed policy committee process in first house, pending consideration from the Appropriations Committee.</b></p>	The City Council supported similar legislation in 2022. As of Fall 2022, the City of Palo Alto switched routine Palo Alto Police radio transmissions to now be broadcast on an unencrypted channel. This bill in it's current form should not affect Palo Alto operations.	City Position: Support

## 2. Bills With Recommended Action

The following chart features four measures that TPA advocates have identified with recommendations for the City to take a formal position on, pending Council consideration and approval. These measures are not as clearly covered by the City's Legislative Guidelines.

BILL	SUMMARY/STATUS	CITY IMPACT	POSITION/ RECOMMENDATION
<a href="#">AB 12 (Haney)</a>	Prohibits tenants from having to pay more than one month's rent as a security deposit for furnished or unfurnished rental property.	This measure adds another tool in protecting renters against unreasonable housing costs. This could benefit residents in Palo Alto who utilize rental housing.	Recommendation: Support
<a href="#">AB 1598 (Berman)</a>	Requires DOJ to prepare a firearm-safety-certificate study guide, separate from the current instruction manual, explaining information covered on the firearm safety certificate test, and to develop a new pamphlet on the risk and benefits of firearm ownership.  <b>Status: Pending consideration from Appropriations Committee.</b>	Could improve public safety related to gun violence. City support demonstrates continued support for Assembly Member Berman's legislative agenda.	Recommendation: Support
<a href="#">AB 1637 (Irwin)</a>	Requires cities to switch to a .gov domain if they have not already done so. Switching to a .gov domain is free of cost to qualified public agencies and incorporates additional cyber security protections. While free of cost, the update could create additional work for City IT departments. Amended to allow local governments until 2026 to comply.  <b>Status: Pending consideration from Appropriations Committee.</b>	This could present a long and costly process for the City to comply and could impact constituents' ability to communicate with the City. Further, the bill is without state compliance support or tangible security benefits.	Recommendation: Oppose
<a href="#">ACA 1 (Aguilar-Curry)</a>	Lowers the necessary voter threshold from a two-thirds supermajority to 55 percent to approve local general obligation (GO) bonds and special taxes for affordable housing and public infrastructure projects.  <b>Status: Pending policy committee consideration. Not required to adhere to typical deadlines because it is a constitutional amendment.</b>	This bill creates another optional tool for infrastructure financing and levels the threshold between other public agencies that already enjoy a 55% voter threshold, such as school boards.	Recommendation: Support

### 3. Notable bills with Recommendations to Monitor Progress

The following chart encompasses priority legislation TPA advocates are monitoring on behalf of the City. Positions noted in the "Recommendation" column reflect the suggested position of "monitoring" from TPA advocates and are subject to change, pending a review of each bill's impact on the City. Should the City Council or staff note any additional pieces of legislation to incorporate into this chart, TPA advocates will gladly accommodate.

BILL	SUBJECT	SUMMARY	STATUS	RECOMMENDATION
<a href="#"><u>AB 309 (Lee)</u></a>	Housing and Land Use	Creates the California Housing Authority, as an independent state body, the mission of which would be to ensure that social housing developments that are produced and acquired align with the goals of eliminating the gap between housing production and regional housing needs assessment targets and preserving affordable housing.	Pending consideration from the Assembly Appropriations Committee.	Monitoring
<a href="#"><u>AB 557 (Hart)</u></a>	Open Meetings	Extends modified teleconferencing provisions under the Brown Act when a declared state of emergency is in effect, or in other situations related to public health, indefinitely.	Pending consideration on Assembly Floor.	Monitoring
<a href="#"><u>AB 817 (Pacheco)</u></a>	Open Meetings	Allows subsidiary bodies of a local agency to use alternative teleconferencing provisions under the Brown Act, without the need of a State of Emergency.	Rescheduled to a later policy committee date at the request of the author.	Monitoring
<a href="#"><u>AB 894 (Friedman)</u></a>	Housing and Land Use	Requires public agencies to allow proposed and existing developments to count underutilized and shared parking spaces toward a parking requirement imposed by the agency.	Pending consideration from the Assembly Appropriations Committee.	Monitoring
<a href="#"><u>AB 1317 (Carrillo)</u></a>	Housing and Land Use	Adopts a pilot program that requires property owners of new multi-family residential properties in certain counties to unbundle the cost of parking from the cost of the housing unit. Includes Santa Clara County.	Pending consideration from the Assembly Appropriations Committee.	Monitoring
<a href="#"><u>AB 1319 (Wicks)</u></a>	Housing and Land Use	Modifies how the Bay Area Housing Finance Authority (BAHFA) may collect and expend revenue. Provides that actions taken by BAHFA to raise, administer, or allocate funding for tenant protection, affordable housing preservation, or new affordable housing production, or to provide technical assistance consistent with BAHFA's purpose is exempt from the California Environmental Quality Act (CEQA).	Pending consideration from the Assembly Appropriations Committee.	Monitoring
<a href="#"><u>AB 1469 (Katra)</u></a>	Homelessness	Authorizes the Santa Clara Valley Water District to assist unsheltered people living along streams, in riparian corridors, or otherwise within the district's jurisdiction, in consultation with a city or the County of Santa Clara, to provide solutions or improve outcomes for the unsheltered individuals.	Pending consideration from the Assembly floor.	Monitoring
<a href="#"><u>AB 1476 (Alvarez)</u></a>	Revenue, Taxation, and Economic Development	Authorizes a city or local governments acting jointly to form a community and affordable housing reinvestment agency for the purposes of financing infrastructure and housing projects, purchasing and leasing property within the	Pending consideration from Appropriations Committee.	Monitoring

BILL	SUBJECT	SUMMARY	STATUS	RECOMMENDATION
		redevelopment project area, and other powers similar to those previously granted to redevelopment agencies.		
<a href="#"><u>AB 1484 (Zbur)</u></a>	Labor Relations and Retirement	Requires temporary employees of cities and counties to join existing bargaining units accessible to permanent employees. Imposes requirements on employers with temporary employees hired to do the same or similar work performed by permanent employees. Requires complaints alleging a violation of its provisions to be processed as unfair practice charges under the Meyers-Milias-Brown Act.	Pending consideration from Appropriations Committee.	Monitoring
<a href="#"><u>AB 1633 (Ting)</u></a>	Housing and Land Use	Specifies that a local agency has disapproved a housing project in violation of the Housing Accountability Act (HAA) if it fails to make a determination that a project is exempt from the California Environmental Quality Act (CEQA), or fails to adopt, certify, or approve certain environmental documents under specified circumstances.	Pending consideration from Appropriations Committee	Monitoring
<a href="#"><u>AB 1637 (Irwin)</u></a>	Informational Technology (IT)	Requires cities to switch to a .gov domain if they have not already done so. Switching to a .gov domain is free of cost to qualified public agencies, and incorporates additional cyber security protections. While free of cost, the update could create additional work for City IT departments. Amended to allow local governments until 2026 to comply.	Pending consideration from Appropriations Committee.	Monitoring
<a href="#"><u>ACA 1 (Aguilar-Curry)</u></a>	Revenue and Taxation	Lowers the necessary voter threshold from a two-thirds supermajority to 55 percent to approve local general obligation (GO) bonds and special taxes for affordable housing and public infrastructure projects.	Not required to adhere to typical deadlines because it is a constitutional amendment.	Monitoring
<a href="#"><u>SB 2 (Portantino)</u></a>	Public Safety	Creates a new issuing process for concealed carry weapons (CCW) licenses following the U.S. Supreme Court ruling in <i>New York Rifle and Pistol Association v. Bruen</i> from June of 2022.	Pending consideration from Appropriations Committee.	Monitoring
<a href="#"><u>SB 50 (Bradford)</u></a>	Public Safety	Prohibits peace officers from initiating a traffic stop for specified low-level infractions unless a separate, independent basis for a stop exists.	Pending consideration from Appropriations Committee.	Monitoring
<a href="#"><u>SB 252 (Gonzalez)</u></a>	Labor Relations and Retirement	Requires CalPERS to divest existing fossil fuel company investments on or before July 1, 2030.	Passed Judiciary Committee. Referred to Appropriations Committee for assessment of fiscal impact.	Monitoring

BILL	SUBJECT	SUMMARY	STATUS	RECOMMENDATION
<a href="#"><u>SB 321 (Ashby)</u></a>	Community Services	Establishes the Local Public Library Partnership Program in which the State Librarian would coordinate with each local public library to ensure each student is issued a student success card by 3rd grade and increase their access to a library.	Pending consideration from Appropriations Committee.	Monitoring
<a href="#"><u>SB 405 (Cortese)</u></a>	Housing and Land Use	Requires local planning agencies to submit to HCD an electronic copy of its housing inventory and post it on their website. The inventory posting must include a notice describing how property owners can submit information to the planning agency indicating interest in adding a site to the land inventory and developing the site for housing. Also requires HCD to launch a pilot program to develop a methodology to analyze if the inventory of suitable land has identified adequate sites to accommodate a city's RHNA goals.	Pending consideration from Appropriations Committee.	Monitoring
<a href="#"><u>SB 429 (Bradford)</u></a>	Energy and Utilities	Requires natural gas corporations to credit customers all revenues, including accrued interest, received as a result of the greenhouse gas cap and trade program. Requires those credits to be distributed during the February billing cycle, so as to coincide with the highest usage gas utility bill during the year.	Pending consideration on Senate Floor.	Monitoring
<a href="#"><u>SB 450 (Atkins)</u></a>	Housing and Land Use	Identified as the SB 9 (Atkins, Statutes of 2022) "Clean-up bill." Among other things, prevents local agencies from creating zoning, subdivision, and design rules that do not apply equally to all development within a particular area.	Pending consideration from Appropriations Committee.	Monitoring
<a href="#"><u>SB 537 (Becker)</u></a>	Governance and Transparency	Allows for members to teleconference in cases where a board, commission, or advisory body encompasses a multi-jurisdictional service area.	Pending consideration from Senate Judiciary Committee.	Monitoring.
<a href="#"><u>SB 567 (Durazo)</u></a>	Housing and Land Use	Provides renter protections including expanding the population of protected tenants, limiting allowable rent increases, and closing loopholes related to the no-fault just cause for eviction.	Pending consideration from Appropriations Committee.	Monitoring
<a href="#"><u>SB 572 (Stern)</u></a>	Energy and Utilities	Requires the PUC, Energy Commission, and the Federal Energy Regulatory Commission to each consider imposing additional requirements to protect ratepayers from price spikes, stranded assets, duplication of services, and the risk of windfall profiteering and market manipulation in wholesale and retail markets.	Pending consideration from Appropriations Committee.	Monitoring
<a href="#"><u>SB 634 (Becker)</u></a>	Homelessness	Creates a new type of low-barrier navigation centers called "opportunity housing," and expands the by-right approval for low-barrier navigation centers to include opportunity housing projects.	Pending consideration from the Appropriations Committee.	Monitoring



BILL	SUBJECT	SUMMARY	STATUS	RECOMMENDATION
<a href="#">SB 834 (Portantino)</a>	Housing	Enacts the California Family Home Construction and Homeownership Bond Act of 2023 (bond act), which, if adopted, would authorize the issuance of bonds in the amount of \$25,000,000,000.	Pending consideration from the Appropriations Committee.	Monitoring

## State Budget Update

During the last week of April, the Senate Democratic Caucus released its revised [budget priorities](#) document, in preparation for the Governor's release of the May Revision of the budget. Beginning in January of each year, the Governor releases a preliminary budget proposal, which kicks off the call-and-response process between the Administration and the Legislature on how best to spend taxpayer dollars. The budget process is in a unique position this year, with the extension of the tax filing deadline for individuals and businesses as a result of the severe winter storms. This extension will impact the delivery of returns data the Department of Finance will need to compile an accurate and comprehensive spending plan.

One of the fundamental differences between the Governor's and the Legislature's spending plans is whether or not to draw on reserve funds to mitigate issues associated with the anticipated deficit, which was projected to be close to \$22 billion in January. The Governor proposed spending cuts and deferrals to programs to protect the over \$37 billion in reserve funds, citing concerns with a looming recession and the need for cash on hand should the state experience an economic downturn. The Legislature, on the other hand, has proposed using reserve funds to keep key spending programs funded at current levels, which points to the name of their counter-budget proposal – "Protect our Progress."

However, other budget experts caution against the use of reserve funds. For instance, in Mid-April, the State's Legislative Analyst Gabe Petek released an [article](#) overviewing the state's anticipated fiscal condition, its causes, and the implications of drawing from reserve funds to offset revenue losses. Petek iterated that the revenue construction is not an outright downturn, but rather the other side of its recent revenue boom. The extraordinary General Fund revenue growth was allocated toward massive one-time and multi-year spending programs that are too high relative to revenue performance typical of historic norms.

Petek warned that recent turmoil in the banking sector, tech industry losses, and inflation and unemployment trends point to a looming recession that could send revenue estimates below baseline levels. To preserve mid-range financial security within the state, he favors the preservation of reserve funds and the cut and deferral of existing spending programs. While not the final decision maker on the matter, the Legislative Analyst's Office offers critical insight into the state's fiscal condition to be incorporated into spending practices. This insight could influence the state's final spending strategy.

Key spending priorities within the Senate Democrat's budget plan include the following:

- Rejects proposed cuts and delays to key infrastructure investments, such as broadband, transit, student housing, climate package investments, libraries, and more.
- Accelerates previously budgeted Transit Infrastructure funds, and provides local flexibility to enable the funds to be used for operations as a bridge until a permanent operations fix can be established.

- Creates a \$10 billion Housing and Infrastructure Fund to fund one-time projects and programs that the Governor proposes to cut or delay. This includes Funding affordable housing, Transit infrastructure, Broadband, Clean energy, Student housing, School facilities, and more.
- Turns current one-time funding for the HHAP program into \$1 billion of ongoing funding to provide local governments.
- Provides \$4.3 billion in tax relief by slashing tax rates by 25 percent for small businesses, improving the Renters Tax Credit and CalEITC, and implementing the Workers Tax Fairness Tax Credit.

The Governor will release his May revision to the budget next month, which will guide ongoing negotiations between his Administration and the Legislature. However, due to the delay in tax return data, a comprehensive budget plan may not be fully realized until later this summer.

## FEDERAL UPDATES

### Update on Congressionally Directed Spending Submittal

The City/TPA team worked in partnership to draft, fine-tune, and submit a congressionally directed spending request for infrastructure funding to help redevelop the Buena Vista Mobile Home Park. The Park, a locally significant affordable housing resource, is in desperate need of sustainable redevelopment, including 100% electrification. An award would assist the predominantly Latinx and very low-income residents who call it home. This application was in partnership with the Santa Clara County Housing Authority and the requested amount was \$2 million. The request was submitted to Senator Padilla, Senator Feinstein, and Congresswoman Eshoo.

Senator Feinstein and Congresswoman Eshoo have chosen the project as one of their priorities to submit to the Appropriations Committee. While there is still a long road ahead and many upcoming negotiations between the two parties on how to proceed with the FY24 Appropriations Process, the support from both members increases the chances of the Buena Vista Mobile Home Park being incorporated into the final budget agreement.

### Federal Budget Update

On April 26, the House voted 217-215 to approve a bill ([H.R. 2811](#)) that would raise the nation's debt limit for one year and scale back federal spending. The legislation – dubbed the Limit, Save, Grow Act of 2023 – would suspend the nation's borrowing limit, currently set at \$31.4 trillion, through March 31, 2024, or until the federal debt increases by another \$1.5 trillion, whichever comes first. The bill also would freeze fiscal year 2024 discretionary spending at 2022 levels (a reduction of approximately \$130 billion) and limit the growth of spending over the next decade to one percent annually.

The proposed plan also includes structural changes to social safety net programs like the Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families (TANF) program and Medicaid. These include new work and income threshold requirements for benefit recipients at specific ages.

The Biden Administration has stood in strong opposition to the spending plan, with the President threatening to veto it. Should it pass over to the Senate, the measure will be dead on arrival in



the Democratic-led Chambers. Without action by Congress to raise the debt limit, which is projected to be reached as early as this summer, the U.S. government faces a potentially catastrophic default. Despite political concerns about its feasibility, GOP members say that it is a crucial step to strengthen their negotiating position against President Biden amid questions about whether Speaker McCarthy would be able to unite his fractious conference to pass any fiscal outline at all.