



**State and Federal
Legislative Update**
May 2023

OVERVIEW

- Providing an update on State Bills from TPA and the League of California Cities (TPA will also briefly include a Federal Update)
- On State Bills, we are seeking:
 - Council action on the bills with recommended action (including confirmation to oppose SB 423 (Wiener))
 - Feedback on the Monitoring List

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State Legislative Update

May 15, 2023

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Presentation Overview

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State Legislative Overview

Over 2,600 bills proposed by State Legislature in 2023 Session.

First year of two-year session.

Bills approaching the Appropriations Committee filter.

By June 2, legislation will need to cross over to the Second House to repeat the process.

May Revision of January Budget released.

State Budget must be passed by Legislature by June 15 and signed into law July 1.*

Tax returns due October 15th

Legislature adjourns September 14. Governor has until October 14 to sign/veto legislation.

Advocacy Strategy

Weekly Customized Legislative Updates to Council and Staff



Standing Check-In Calls with Staff on Funding and Legislative Priorities



Frequent Communications and Updates on Priority Issues



Effective and focused advocacy trips.

Priority Bills with City Positions

AB 1505 (Rodriguez) Seismic retrofitting: soft story multifamily housing.

Appropriates \$250,000,000 for the purpose of implementing the Seismic Retrofitting Program for Soft Story Multifamily Housing. This funding was originally incorporated into the 2022 State Budget Cycle; however, the funding was omitted from the Preliminary Budget submitted to the Legislature in January 2023. AB 1505 aims to replace that funding on an urgency basis.

- Status: Pending consideration from the Appropriations Committee.
- City Impact: Seismic safety improvements align with the Palo Alto City Council's 2023 Priority of Community Health and Safety.
- **City Position: Support**

Priority Bills with City Positions

SB 43 (Eggman) Behavioral health.

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.

- Status: Pending consideration from the Appropriations Committee.
- City Impact: One of the Palo Alto City Council Priorities for 2023 is Community Health and Safety which includes some focus on mental health.
- **City Position: Support**

Priority Bills with City Positions

SB 363 (Eggman) Facilities for inpatient and residential mental health and substance use disorder: database.

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.

- Status: Pending consideration from the Appropriations Committee.
- City Impact: One of the Palo Alto City Council Priorities for 2023 is Community Health and Safety which includes some focus on mental health.
- **City Position: Support**

Priority Bills with City Positions

SB 719 (Becker) Law Enforcement Agencies. Radio Communications

Requires law enforcement agencies to ensure any non-confidential radio communications are accessible to the public in real time, no later than 2024.

- Status: Pending consideration from the Appropriations Committee.
- City Impact: 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.
- City Position: **Support**

Recommended Priority Legislation

SB 423 (Wiener) Land use: streamlined housing approvals: multifamily housing developments.

- Eliminates the sunset date for SB 35 (Wiener, 2017), makes changes to the SB 35 approval process, and revises SB 35 labor standards.
 - Status: Pending Consideration from the Appropriations Committee.
 - City Impact: Palo Alto has included in the Legislative Guidelines many principles to support local control of land use and this bill contrasts with those principles.
 - **Recommended Position: Oppose**

Recommended Priority Legislation

AB 12 (Haney) Tenancy: security deposits.

Prohibits tenants from having to pay more than one month's rent as a security deposit for furnished or unfurnished rental property.

- Status: Pending consideration on the Assembly Floor.
- City Impact: This measure adds another tool in protecting renters against unreasonable housing costs. This could benefit residents in Palo Alto who utilize rental housing
- **Recommended Position: Support**

Recommended Priority Legislation

AB 1637 (Irwin) Local Government: Internet Websites and Email Addresses

Requires local governments to ensure that their public-facing internet websites and email addresses use a “.gov” or “.ca.gov” domain name, no later than January 1, 2026. Provides no reimbursement for associated costs from the State.

- Status: Pending consideration from the Appropriations Committee.
- City Impact: This could present a long and costly process for the City to comply and could impact constituents’ ability to communicate with the City.
- **Recommended Position: Oppose**

Recommended Priority Legislation

AB 1598 (Berman) Gun violence: Firearm Safety Education.

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.

- Status: Pending consideration from the Appropriations Committee.
- City Impact: Could improve public safety related to gun violence. City support demonstrates continued support for Assembly Member Berman's legislative agenda
- **Recommended Position: Support**

Recommended Priority Legislation

SB 2 (Portantino) Firearms.

Creates a new issuing process for concealed carry weapons (CCW) licenses following the U.S. Supreme Court ruling in *New York Rifle and Pistol Association v. Bruen* from June of 2022.

- Status: Pending consideration from the Appropriations Committee.
- City Impact: City support demonstrates efforts to address statewide public safety and the City Council adopted a similar version last year.
- **Recommended Position: Support**

Recommended Priority Legislation

ACA 1 (Aguiar-Curry) Local government financing: affordable housing and public infrastructure: voter approval

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.

- Status: Pending policy committee consideration. Not required to adhere to typical deadlines because of its constitutional amendment status.
- City Impact: 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 districts.
- **Recommended Position: Support**

Monitoring Priority Legislation

Brown Act/Open Meetings

- **AB 557 (Hart)** 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.
- **SB 537 (Becker)** Allows members of a multi-jurisdictional, cross-county board to utilize specific teleconferencing flexibilities.

Monitoring Priority Legislation

Energy and Utilities

- **AB 1504 (McCarty)** Creates a separate permitting and inspection process for electric vehicle charging station (EVCS) applications and requires local jurisdictions to prioritize EV charging permit applications over other permit applications.
- **SB 429 (Bradford)** 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.
- **SB 527 (Min)** Enacts the "Neighborhood Decarbonization Program" requires the California Public Utilities Commission (CPUC), in consultation with gas corporations, to develop and supervise the administration of the Neighborhood Decarbonization Program to cease providing gas utility service in an area within its service territory if the CPUC determines that adequate substitute energy service is reasonably available to support the energy end use of affected gas customers.
- **SB 572 (Stern)** 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.

Monitoring Priority Legislation

Housing and Land Use

- **AB 309 (Lee)** 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.
- **AB 894 (Friedman)** Requires public agencies to allow proposed and existing developments to count underutilized and shared parking spaces toward a parking requirement imposed by the agency.
- **AB 1317 (Carrillo)** 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.
- **AB 1319 (Wicks)** 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).

Monitoring Priority Legislation

Housing and Land Use, Cont.

- **AB 1633 (Ting)** 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.
- **SB 405 (Cortese)** Requires local planning agencies to submit to HCD an electronic copy of its housing inventory and include a notice describing how property owners can submit information indicating interest in adding to 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.
- **SB 450 (Atkins)** 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.

Monitoring Priority Legislation

Housing and Land Use, Cont.

- **SB 567 (Durazo)** 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.
- **AB 1633 (Ting)** 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.

Monitoring Priority Legislation

Homelessness

- **AB 799 (L. Rivas)** Requires regions to develop a regional homelessness action plan every five years and submit it the state for approval, makes various changes to round five and any future rounds of the Homeless Housing, Assistance and Prevention (HHAP) program, and requires the California Interagency Council on Homelessness (CA-ICH) to develop a financing plan to end homelessness by 2035.
- **AB 1469 (Kalra)** 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.
- **SB 634 (Becker)** 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.
- **SB 7 (Blakespear)** Requires, by 2030, cities to provide housing opportunities for homeless individuals within its jurisdiction based on most recent point in time counts. Contingent on state supported funding, which is currently undefined.

Monitoring Priority Legislation

Labor Relations and Retirement

- **AB 1484 (Zbur)** 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.
- **SB 252 (Gonzalez)** Requires CalPERS to divest existing fossil fuel company investments on or before July 1, 2030.

Monitoring Priority Legislation

Public Safety

- **SB 50 (Bradford)** Prohibits peace officers from initiating a traffic stop for specified low-level infractions unless a separate, independent basis for a stop exists.

State Budget Update

May Revise reflects a **\$31.5 billion deficit**, increased by approximately \$9 billion since January's budget proposal.

Governor has proposed funding cuts, delays, and shifts to future bonds to stabilize spending.

Cautions against use of Rainy-Day funds to maintain current spending levels.

Emphasis on the need for bonds – Climate Change Bond and Behavioral Health Care Continuum Bond.

Legislature to begin budget hearings and negotiations in coming weeks.

Questions?

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Strengthening California Cities
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Legislative Update City of Palo Alto

Cal Cities Budget Requests

- Ongoing funding for cities to address the housing supply and homelessness: **\$3 billion.**
- State-Mandated Program Costs Owed to Local Governments: **Nearly \$1 billion.**
- Safeguard local revenues and support local governments' fiscal sustainability: **Priceless.**

Governor's May Revision Budget

Largely does not redirect city funds to address the state's budget shortfalls.

- **Homelessness:** Maintains allocated funding and proposes new accountability requirements.
- **Housing:** Reduces and defers \$712.5 million.
- **Public Safety:** Additional resources for fentanyl response.
- **Infrastructure:** Continues investments.
- **Climate Change:** Shift to a 2024 bond measure.

2023 Cal Cities Advocacy Priorities



1. Protect and expand investments to prevent and reduce homelessness.
2. Increase the supply and affordability of housing while retaining local decision-making.
3. Improve public safety in California communities.
4. Safeguard essential local revenues and support fiscal sustainability.

Sponsored Legislation

AB 400	(B. Rubio)	Local agency design-build projects: authorization.
AB 557	(Hart)	Open meetings: local agencies: teleconferences.
AB 817	(Pacheco)	Open meetings: teleconferencing: subsidiary body.
AB 972	(Maienschein)	Local Assistance and Grant Program Streamlining Workgroup.
AB 1168	(Bennett)	Emergency medical services: prehospital EMS.
AB 1708	(Muratsuchi)	Theft.
ACR 54	(Pacheco)	Cities Week.
SB 329	(Dodd)	Cities: city council members: compensation.
SB 706	(Caballero)	Public contracts: progressive design-build: local agencies.

Advocacy Wins for Cities

- | | | |
|----------------|-----------|---|
| AB 68 | (Ward) | Streamlining housing approvals. |
| AB1532 | (Haney) | Office conversion projects. |
| AB 1630 | (Garcia) | By-right approval: student housing. |
| AB 510 | (Jackson) | Land trusts. |
| AB 698 | (Essayli) | Gas stoves. |
| AB 1000 | (Reyes) | Logistics center setbacks. |
| AB 1531 | (Flora) | Electrified security fences: local ordinances. |
| AB 52 | (Grayson) | Sales and Use Tax Law: manufacturing equipment: research and development equipment. |
| SB 402 | (Wahab) | Emergency services: limiting police response. |
| SB 49 | (Becker) | Renewable energy: solar canopy tax incentives: Department of Transportation strategic plan. |

Advocacy Wins for Cities

SB 721	(Becker)	Special taxes: vacancy taxes.
SB 752	(Padilla)	State intervention in local franchise agreements.
AB 262	(Holden)	Children's camps: safety and regulation.
AB 24	(Haney)	Emergency response: opioid antagonist kits.
SB 251	(Newman)	Political Reform Act of 1974: elected officers: conflicts of interest.
SB 881	(Alvarado-Gil)	Paid sick days: accrual and use.
SB 458	(Gonzalez)	Public contracts: Local Agency Public Construction Act: reporting and notifications.
AB 885	(L. Rivas)	Public contracts: nonprofit organizations.
AB 1530	(Ortega)	Public employment: communication with exclusive representatives.
AB 597	(Rodriguez)	Workers' compensation: first responders: post-traumatic stress.



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California Business Roundtable Measure

Specific Impacts to Cities

- Applies retroactively to local revenue measures (taxes, fees) adopted after Jan. 1, 2022 (void unless re-enacted by December 2025)
- Overturns *Upland* decision – special taxes must be approved by 2/3
- Requires a sunset on new or increased taxes
- Requires new voter approvals for expanded tax application
- Impacts city charter amendment authority

Specific Impacts to Cities

- Restricts ability to charge adequate fees for products and services
- Jeopardizes franchise fee authority
- Changes process and ability to impose fines and penalties
- Prohibits fees and taxes associated with vehicle miles traveled as a condition of property development

Fiscal Impacts

- Approximately **\$2 billion of revenues each year** from fees and charges, ***subject to legal peril***.
- **\$2 to 4 billion dollars of annual revenues from tax measures** approved by voters between January 1, 2022 and the effective date of the act subject to additional voter approval if not in compliance with the initiative.
- Indeterminable legal and administrative burdens and costs on local government from new and more empowered legal challenges, and bureaucratic cost tracking requirements.

RECOMMENDATION

- Awareness of Letters already sent:
 - AB 1505 (Rodriguez, Seismic Safety) – Support
 - SB 43 (Eggman, Mental Health) – Support
 - SB 363 (Eggman, Mental Health) – Support
 - SB 719 (Becker, Encryption) – Support
- Bills with Recommended Action (Including Confirmation to Oppose SB 423):
 - SB 423 (Wiener, Objective Standards) – Oppose
 - AB 12 (Haney, Limits to Security Deposits) – Support
 - AB 1637 (Irwin, City Website Addresses) – Oppose
 - AB 1598 (Berman, Firearm Safety) – Support
 - SB 2 (Portantino, Firearms) – Support
 - ACA 1 (Aguiar-Curry, Voter Threshold on General Obligation Bonds) – Support
- Confirm the Monitor List or any changes to it