



Special Legislative Update ■ July 2, 2020

Given that the Legislature is on recess through mid-July, we plan to publish our next update sometime during the week of July 13. Enjoy your 4th of July holiday!

Senate Adjourns for Short Summer Recess; Both Houses Return July 13 for Final Seven-Week Slog

The Senate held floor session this morning primarily dedicated to taking action on SB 1383, a budget-related measure by Senator Hannah-Beth Jackson that expands paid family leave policies in the state. The measure passed and awaits the Assembly action when both houses return in mid-July. (Note we have updated the table below detailing the status of 2020-21 budget and trailer bills. We will provide more information on subsequent budget-related actions when the Legislature returns in July.) Upon adjournment, the Senate broke for a 10-day summer break. Senate President pro Tempore Toni Atkins advised members to take advantage of the break, because the final seven weeks of session promise to be demanding.

2020-21 Budget Bill / Trailer Bills – As of July 2, 2020

On June 29, the Governor signed all budget and trailer bills highlighted below. Action is expected on the remaining measures when the Legislature returns mid-July after its summer break; expect additional trailer bills not yet on this list to emerge as well in the weeks to come.

Bill No.	Topic
<u>SB 74</u>	Budget Act of 2020 – see line-item veto here .
<u>AB 89</u>	Amendment to Budget Act of 2020
<u>AB 75</u>	Budget Act of 2019: deficiencies
<u>AB 76</u>	Education finance (2019-20 actions)
<u>AB 78</u>	Infrastructure and Economic Development Bank (I Bank)
<u>AB 79</u>	Human Services
<u>AB 80</u>	Health
<u>AB 81</u>	Quality Assurance Fee (2/3 vote)
<u>AB 82</u>	General Government #1
<u>AB 83</u>	Housing
<u>AB 84</u>	CalSTRS/CalPERS

Bill No.	Topic
AB 85	State taxes and charges
AB 88 *	Public Safety (<i>in Senate; additional amendments expected</i>)
AB 90	Transportation
AB 92	Resources
AB 93	Earned Income Tax Credit
AB 100	Elections (General Government #2)
AB 102	CalSavers
AB 103	Unemployment Insurance
AB 105 *	Solar exemption from split roll initiative (<i>in Assembly awaiting concurrence</i>)
AB 119	March 2020 Bargaining Unit Agreements
SB 98	K-12 Education – see signing message here .
SB 116	Higher Education
SB 1383 *	Paid family leave (<i>passed Senate 7/2/2020</i>)

* **Additional legislative action needed.**

Several oversight hearings also were held this week, including examination of the impact of COVID-19 on the California-Mexico border region (see [agenda](#) and [background paper](#)) as well as an assessment of the impacts of COVID-19 pandemic in the state's prison system (see [agenda](#)).

DOF COVID-19 Website Up and Running

The Department of Finance COVID-19 website is now live and available [here](#). This page includes information on the allocation of CARES Act/Coronavirus Relief Funds for [counties](#) and [cities](#), as well as the certification form for receipt of funds. **Certification forms are due to Finance by July 10, 2020.**

Also on the COVID-19 website, Finance has provided a [link](#) with information on the \$750 million in state General Fund revenues meant to backfill losses associated with 1991 and 2011 Realignment. **Counties must submit a separate certification form to Finance for realignment backfill by July 10, 2020.**

Recall that, for both allocations, entities must be in compliance with state public health orders to ensure receipt of funds. While initial allocations will be incremental, the timing of future allocations have not yet been finalized. We'll provide more information as we receive it.

November 2020 Ballot Propositions Finalized (We Think)

Secretary of State Alex Padilla has set the numbers for the 12 ballot measures slated for the November 2020 General Election. The chart below outlines the various topics covered in the dozen ballot measures voters will face. (For additional information on the substance of each measure, check out this [article](#) from the *Los Angeles Times*.)

Proposition 14	Additional resources for stem cell research
Proposition 15	Split-roll (revision to Prop 13 of 1978)
Proposition 16	Affirmative action
Proposition 17	Right-to-vote for parolees
Proposition 18	Voting rights for eligible 17 year olds
Proposition 19	Various property tax breaks/revised property tax transfer rules
Proposition 20	Enhanced punishment for specified crimes; expanded DNA collection
Proposition 21	Rent control
Proposition 22	Rules governing the "gig" economy
Proposition 23	Kidney dialysis clinics
Proposition 24	Enhanced consumer privacy rules
Proposition 25	SB 10 (bail reform) referendum

While the information shared by Secretary Padilla reflects the current status of ballot measures, there remains a bit of uncertainty relating to the withdrawal of a qualified measure sponsored by the California Association of Realtors and the passage of [ACA 11](#), by Assembly Members Kevin Mullin, Chad Mayes, Laura Friedman, Autumn Burke, and Adam Gray. We have shared previously that SCA 2 was amended to include a compromise measure between the realtors and opponents of their initial ballot measure. Due to legislative deadlines, the contents of SCA 2 were amended into ACA 11 last week, and the latter bill was heard and approved quickly in the Senate and sent to the Assembly for consideration. However, given that the Assembly was on summer recess and not scheduled to return to Sacramento until Friday, June 26 (one day **after** the deadline for sponsors to remove a measure from the ballot), sponsors sent a letter to the Secretary of State conditionally withdrawing its initial measure only if ACA 11 was approved. The Secretary of State responded to sponsors, letting them know they would do so.

However, in response to the Secretary of State's willingness to accommodate a conditional withdrawal, Assembly Speaker Anthony Rendon sent a letter to the Secretary, indicating that the Assembly did not believe the Secretary of State had the legal authority to approve a conditional withdrawal of a ballot measure and that the Assembly would consider legal action, should he do so. We have yet to hear how the Speaker will respond to the Secretary of State's decision to withdraw the Realtors' qualified measure. (Just to make things more interesting, Senator Bob Hertzberg has gut-and-amended [SB 684](#), which would prohibit a conditional withdrawal of a sponsor's ballot measure.) More to come...

Newsom at Noon News

As he had warned, the Governor announced at his noon press briefing yesterday several changes to "toggle back" indoor operations in various business sectors to address the "alarming" rate of COVID-19 spread and decrease hospitalizations. Effective immediately, in the 19 counties on the [monitoring list](#) (Contra Costa, Fresno, Glenn, Imperial, Kern, Kings, Los Angeles, Merced, Orange, Riverside, Sacramento, San Bernardino, San Joaquin, Santa Alabama, Santa Clara, Solano, Stanislaus, Tulare, Ventura), the following indoor operations must cease: 1)

dine-in restaurants, 2) wineries and tasting rooms, 3) movie theaters, 4) family entertainment centers, 5) zoos and museums, and 6) card rooms. These closures are effective for three weeks. Additionally, bars in the 19 counties must close all operations.

In an effort to halt the spread over the holiday weekend, the Governor also announced state beach closures, including all parking facilities at state beaches in Southern California and the Bay Area where the counties closed beaches. He is recommending that 1) counties with mandatory closures consider cancelling firework shows, 2) individuals do not participate in gatherings with people with whom they do not live, and 3) individuals avoid crowds.

The Governor also announced state “strike teams” on Wednesday to enforce public health orders. The teams — comprised of Alcohol Beverage Control, CalOSHA, Department of Business Oversight, Department of Consumer Affairs, and CHP — will target non-compliant workplaces and will work with local health departments and businesses.

At today’s noon press briefing, the Governor announced the launch of a public education campaign about the importance of wearing a facial covering; more details on the campaign can be read [here](#). He spoke positively about the communication and cooperation with his county partners in working through these challenging times.

Health Bills of Note

[SB 977 \(Monning\)](#) — *Health Care System Consolidation: Attorney General Enforcement* SB 977, which would require the Attorney General (AG) to approve an affiliation or acquisition between the health care system and a health care facility or provider, got off the Senate Floor in a narrow vote, 21-11, last week. The author mentioned several amendments during the discussion of the bill on the Senate Floor. It is unclear how the bill may change before it is heard in Assembly Health Committee on July 28.

SB 977 defines health care system as any entity or system of entities that includes or owns two or more hospitals within multiple counties, or three or more hospitals within one county. Previous measures to address hospital acquisitions, mergers and affiliations have not applied to public hospitals; based on the definition currently in SB 977, the bill would apply to public providers.

The measure is sponsored by Attorney General Xavier Becerra and supported by labor organizations and Western Center on Law Poverty. Under existing law, the AG has broad authority to review all sales and significant asset transfers of not-for-profit hospitals. The AG may place conditions on these transactions or deny them all together. Additionally, the AG enforces The Cartwright Act, which describes and prohibits an array of anticompetitive activity.

A diverse coalition of hospitals, physicians and dentists is opposing the measure. Providers are arguing that SB 977 would create a presumption that acquisitions and affiliations are anticompetitive, placing the burden of proof on the purchaser without due process. Sales,

affiliations, and mergers are complex and expensive investments that require thousands of hours of work from legal, financial, operational, and clinical experts. Because of this substantive investment of time and resources, purchasers need some degree of certainty surrounding the process before undertaking such a risk. The bill gives arbitrary and absolute discretion to the AG to determine whether criteria are met, without clear definitions or parameters.

AB 2537 (Rodriguez) — *Personal Protective Equipment: Health Care Employees*

AB 2537 would require hospitals to maintain a stockpile of six months' worth of unexpired personal protective equipment (PPE). The bill is sponsored by the California Nurses Association. Several hospitals have raised concerns with the requirements due to storage, how to estimate PPE need, and cost issues. The measure will be heard in Senate Labor Committee.

SB 275 (Pan) — *Health Care and Essential Workers Protection Act: Personal Protective Equipment*
SB 275, which was recently gutted and amended, also would require a PPE stockpile, but is more extensive than AB 2537. This measure is being sponsored by the Service Employee International Union (SEIU) State Council. The bill includes the following:

- Require the State Department of Public Health to establish a PPE stockpile to ensure an adequate supply of PPE for health care workers and essential workers, as defined, and would require the stockpile to be at least sufficient for a 90-day pandemic or other health emergency.
- Require providers, including clinics, health facilities, and home health agencies, to maintain a stockpile of unexpired PPE for use in the event of a declared state of emergency and would require the stockpile to be at least sufficient for a 90-day pandemic or other health emergency.
- Impose civil penalties on a provider who violates the stockpile requirement of up to \$25,000 for each violation. The bill would declare a provider's failure to provide PPE to its health care workers upon reasonable request to be an independent violation of the bill's requirements.
- Require the Department of Industrial Relations to adopt regulations, in consultation with the State Department of Public Health, setting forth requirements for the PPE stockpile.
- Require a provider to procure at least 25% of its PPE from in-state manufacturers, to the extent permitted by federal law, as specified.

Assembly Labor Committee will be hearing the measure later this month. A variety of provider organizations are reviewing the legislation and providing input to the author and sponsor. It is likely some organizations will oppose.