



End-of-Session Legislative Update ■ September 11, 2020

Governor Addresses Rumors of a Fall Special Session

Governor Newsom quelled special session rumors when addressing reporter questions on Wednesday. He responded to the press that a special session is “not currently under consideration,” adding that a legislative session wouldn’t address the 14,000 lightning strikes, heat wave, or winds and that COVID-19 numbers are declining. The Governor indicated that he is open to a conversation about a special session – if legislative leadership is aligned and if there is a purpose to the session. For the time being, expect the newly formulated Legislature to return as scheduled on December 3 to start the 2021-22 legislative session.

Additional Public Health Metrics Forthcoming to Address Equity

Both Governor Newsom and Health and Human Services Agency Secretary Dr. Mark Ghaly spoke at separate press conferences this week about introducing a new metric to the COVID-19 indicators to address equity. On Wednesday, the Governor talked about trying to ensure that COVID testing is occurring in diverse communities. On Thursday, Secretary Ghaly highlighted the disproportionate impact of the disease on communities of color: 1) cases and deaths are more common among Latinos across all age cohorts; 2) deaths are more common among Blacks, particularly among people age 18-34 and 65 and over; and 3) Native Hawaiians and Pacific Islanders also have higher case rates and deaths. He went on to say that the state will be working with each county to look closely at test positivity rates at the community level. For example, the state might compare the test positivity in high-income and low-income communities. The state also will be working with counties to narrow the gap between communities. Strategies may include increased testing and culturally competent contact tracing. The equity metric has not been fully detailed, and more information is expected from the State.

State Voter Registration Numbers Top 21 Million

Big news for voters this week! California has now reached an historic high of over 21 million registered voters. As a share of eligible voters, this latest measurement puts the state at 83 percent, a higher rate of registration than we have seen since the presidential election of 1940. (An election in which, incidentally, incumbent Democrat President Franklin Delano Roosevelt beat Republican Wendell Wilkie in an electoral landslide.)

This notable registration level is in large part due to the state's new "automatic" voter registration methods implemented in May 2018, including over five million voters who have registered or been re-registered at the DMV and one million voters captured by the National Change of Address (NCOA) registrations which automatically re-registers voters when they move.

Partisanship of the new registrations is consistent with recent historical trends. Democratic registration has stayed flat at 46 percent, with No Party Preference/Other registrations increasing to 35 percent, and Republican registration at 19 percent. In addition, the share of the electorate choosing to become Permanent Vote by Mail has grown even faster. Fully 82 percent of the voters registered in the last 18 months have opted to become Permanent Vote by Mail. (This is before accounting for the changes in elections practices that mail all voters a ballot, including counties that have opted into the Voters Choice Act and the Governor's COVID-related Executive Order for the November 2020 election.)

Credit to Political Data, Inc. and Paul Mitchell for the fun facts!

State Supreme Court Declines SF Case

This week, the California Supreme Court declined a legal challenge to the City and County of San Francisco's Proposition C, a measure that sought to raise revenues to fund additional homeless and housing services. San Francisco may now spend \$492 million in tax revenues that had been escrowed while the case made its way through the courts.

Proposition C was a citizen-led initiative that levied a tax on any San Francisco business that earns more than \$50 million in gross receipts to fund homeless services, including mental health and substance abuse services, permanent supportive housing, and shelter. As a citizen-led initiative, attorneys for the City relied on a previous Supreme Court ruling (specifically, [California Cannabis Coalition v. City of Upland](#)), which held that citizen initiatives that increased taxes were not subject to the same two-thirds vote threshold that exists for tax measures placed on the ballot by the governing body. (See this helpful explainer [memo](#) from the late Buck Delventhal, an SF Deputy City Attorney and all-around smart guy.) The Howard Jarvis Taxpayers Association, the California Business Properties Association, and the California Business Roundtable challenged the passage of Proposition C (which passed with 61 percent of the vote), arguing that the measure should have received a two-thirds vote to pass.

The California Supreme Court has made it clear: citizen initiatives that increase taxes need only pass by majority vote. More to come as folks consider the implications of this paradigm shift in California local finance.

Governor Newsom Signs Bills to Help Small Businesses

At a Sacramento restaurant this week, Governor Newsom signed three bills to provide state assistance to small businesses and help with economic recovery.

[AB 1577](#), by Assembly Member Autumn Burke, conforms state law to federal law by excluding from gross income Paycheck Protection Program (PPP) loans that were forgiven through the federal CARES Act and subsequent amendments in the Paycheck Protection Program and Health Care Enhancement Act of 2020.

[SB 1447](#), by Senator Steven Bradford, Senator Anna Caballero, and Assembly Member Sabrina Cervantes, authorizes a \$100 million hiring tax credit program for qualified small businesses. The hiring credit will be equal to \$1,000 for each net increase in qualified employees, up to \$100,000 for each qualified small business employer. (Note that the 2020-21 state budget includes \$100 million for offsetting state and local revenue losses associated with this measure.)

[SB 115](#), a budget trailer bill, by the Committee on Budget and Fiscal Review appropriates \$561 million in fiscal year 2020-21. This includes \$411.5 million to advance economic stimulus with \$230.5 million to help jumpstart construction projects.

This week, Governor Newsom also signed a number of bills, including [AB 1867](#), a budget trailer bill that expands and extends COVID-19 supplemental paid sick leave through the end of the year.

BSCC Takes Additional Action to Distribute CESF

The Board of State and Community Corrections (BSCC) [met](#) yesterday, taking action on – among other items – a proposal to distribute the remaining \$41.7 million in federal Coronavirus Emergency Supplemental Funding (CESF). The Board approved a staff [recommendation](#) to distribute the funds via a formula grant to counties through a request for application process (RFA), which will require counties to collaborate with its cities, local tribes, and community-based organizations (CBOs) on development of local CESF priorities. A minimum of 20 percent of the CESF must be awarded to CBOs impacted by COVID-19. BSCC staff will begin developing the CESF RFA process and will present it to the Board for consideration and approval at its November meeting. Recall that the Board previously allocated \$15 million in CESF through existing contracts the California Department of Corrections and Rehabilitation (CDCR) has with six regional networks that subcontract with community-based organizations for purposes of providing emergency housing services to those who have been granted early release from prison due to COVID.

Efforts to Stop Flavored Tobacco Ban Shift to Ballot

The tobacco industry is seeking to overturn [SB 793](#) (Hill), California's recently signed ban on flavored tobacco, with a referendum. Governor Newsom signed the bill into law on August 28 and, according to the Secretary of State, the opponents filed the referendum on August 31. Under California law, a referendum that qualifies for the ballot suspends the measure it targets until voters weigh in. To qualify the referendum, proponents would need to submit 623,212 valid signatures.

