

Legislative Update ■ September 25, 2020

The Governor's 30-day bill signing period ends on Wednesday, September 30. Your UCC Advocacy Team will publish an update on priority bills later next week reflecting the Governor's final decisions and actions.

Remarkably, State Revenues Still Looking Up

The Department of Finance released its monthly [Finance Bulletin](#), indicating continued healthy state cash receipts, with preliminary General Fund cash receipts for the first two months of the fiscal year of \$4.544 billion above the 2020-21 Budget Act forecast. Cash receipts for the month of August were \$1.632 billion above the forecast and preliminary General Fund receipts for the entire 2019-20 fiscal year were \$1.135 billion above the forecast. Total collections for March through August 2020 were down by 5 percent from the same period in 2019.

Personal income tax receipts for the first two months of the fiscal year were \$3.646 billion above forecast. Cash receipts for August were \$975 million above the forecast of \$4.999 billion. Sales and use tax cash receipts were \$1.176 billion above forecast for the first two months of the fiscal year. Cash receipts for August were \$574 million above the forecast of \$2.086 billion. Corporation tax cash receipts for the first two months of the fiscal year were \$176 million below the forecast of \$5.029 billion. Cash receipts for August were \$176 million above the month's forecast of \$228 million.

Given the severe economic downturn and associated unemployment rates, the strength of the state's revenues is somewhat surprising. The Legislative Analyst's Office [speculates](#) that strong performance in personal income tax withholding is tied to relatively stable employment among high-wage earners. Additionally, September collections should offer additional insight into whether the rebound in stock prices since spring will result in an uptick in state income tax collections.

Second Round of Homekey Awards Announced

This week, Governor Gavin Newsom [announced](#) a second round of awards for Homekey – more than \$236 million for 20 projects in 12 communities, including the first tribal project to the Kashia Band of Pomo Indians of the Stewarts Point Rancheria. This round of awards will fund 1810 units across the state. More than half of all available funding has been awarded and the Department of Housing and



Community Development plans to announce awards weekly until full funding (\$600 million) has been awarded.

Governor Newsom Signs Executive Order Doubling Down on Meeting California's Climate Goals

As part of his activities during Climate Week 2020, Governor Newsom signed an Executive Order [N-79-20](#) on Wednesday that paves the way for California to meet the state's ambitious climate goals in a more prescriptive and aggressive manner. Specifically, the Executive Order establishes goals and associated timelines for phasing out the sale of new gasoline-powered vehicles, accelerating deployment of vehicle charging infrastructure, and transitioning fossil fuel dependent jobs to the clean/green economy. The timeline for the transition to zero-emissions vehicles (ZEVs) and equipment is as follows:

- Passenger cars and trucks by 2035,
- Drayage trucks by 2035,
- Off-road vehicles and equipment by 2035, and
- Medium- and heavy-duty vehicles by 2045.

Spurred on by the destruction of 3.7 million acres in 2020 alone by the recent and ongoing wildfires, the Governor focused his remarks at his press event on the immediate need to take bold action and to "deliver more than platitudes and promises." The move to ZEVs will allow the state to reduce greenhouse gas (GHG) emissions by 35%, according to the Governor.

At the time of this writing, there remain many unanswered questions about various aspects of the Executive Order, not the least of which is how the Governor would propose to fund transportation infrastructure projects given that gas tax revenues will dwindle as the fleet is replaced by alternative fuel vehicles. Other questions and concerns include the cost of ZEVs and how those costs would disproportionately impact low-income and disadvantaged communities; the feasibility, availability, and cost of zero-emission equipment required for goods movement and the construction industry; and how the state intends to generate enough clean energy to meet the demands of zero-emission vehicles and equipment.

Also in question is the Governor's authority to phase-out gas-powered vehicles and equipment by his executive privilege. The Governor maintains that the California Air Resources Board (CARB) has existing authority established with the passage of [AB 32](#) – the Global Warming Solutions Act of 2006 – to adopt

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regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas (GHG) emission reductions. However, there is ambiguity as to whether this regulatory authority could withstand legal challenge, and many policy experts in Sacramento already are surmising that the Governor likely would need to seek legislation to codify the goals and/or expand regulatory authority to meet the goals of the proposed phase-out. To that end, he faces an uphill battle as we've seen legislative attempts to ban gas-powered vehicles fall short and already at least [one legislator has come out criticizing his EO](#) and committing to legislation to reduce GHGs from a different priority sector in 2021.

Another potential hitch in the Governor's plan lies in the Trump Administration's revocation of California's Clear Air Act Waiver, which allows California to set its own tailpipe emissions standards, as well as the state's Advanced Clear Cars directive. The state is currently suing the federal government over these regulations, which could take years to resolve, depending on the outcome of the November election.

This week's Executive Order also sets forth the following additional goals and directives:

- CARB, the California State Transportation Agency (CalSTA), and other state agencies shall develop a Zero-Emissions Vehicle Market Development Strategy by January 31, 2021, and update that strategy every three years.
- CARB, the California Energy Commission (CEC), and other state agencies shall use their existing authority to accelerate deployment of fueling and charging options for ZEVs, with an emphasis on equitable deployment in all communities including low-income and disadvantaged communities.
- By July 15, 2021, CalSTA, Caltrans, and the California Transportation Commission (CTC) shall identify near-term actions and investment strategies to improve clean transportation, sustainable freight and transit options, while continuing a "fix-it-first" approach to the transportation system.
- The Labor and Workforce Development Agency – in consultation of other state agencies and departments – shall, by July 15, 2021, develop and implement a "Just Transition Roadmap" for transitioning fossil fuel dependent jobs into the clean/green economy and opportunities created by the transition to ZEVs vehicles.
- Related to the transition away from fossil fuels, CalEPA shall expedite regulatory processes to repurpose and transition up- and downstream oil facilities; develop and pursue strategies to continue to reduce carbon intensity of fossil fuels; and manage and expedite the closure and remediation of former oil extraction sites.



CalSTA has indicated it will work in close collaboration with CARB and the CEC on all implementation activities. For its part, CalSTA is already underway in implementing a previous climate-related Executive Order ([N-19-19](#)) signed in September 2019 and will likely wrap into those efforts implementation of N-79-20 going forward.

Governor Signs Executive Order with Assorted Elements

Governor Newsom issued Executive Order [N-80-20](#) late Wednesday evening, which addresses a number of different issues. Specific provisions include the following:

1. **Public Health Official Address Confidentiality.** Allows the Secretary of State to include local health officers and other public health officials to participate in the address-confidentiality program known as “Safe at Home Confidential Address Program.”
2. **Commercial Evictions.** Extends the timeframes for halting commercial evictions through March 31, 2021 (previous Executive Orders impacted included: Executive Order N-28-20, Paragraph 2 Executive Order N-66-20, Paragraph 21, and Executive Order N-71-20, Paragraph 3).
3. **Corporate Shareholder Meetings via Video.** Suspends the requirements in Corporations Code sections 20 and 600 to request and receive the consent of shareholders for meetings of shareholders to be held by electronic transmission or by electronic video screen communication for meetings taking place after June 30, 2020. In the event that any corporation holds a shareholder meeting by electronic transmission or by electronic video screen communication under the suspension in this Paragraph, the corporation shall afford a “reasonable opportunity to participate in the meeting” under Corporations Code section 600.
4. **Medical Cannabis Use Cards.** Extends the expiration date of medical use of cannabis identification cards that would otherwise have expired on or after March 4, 2020 to be valid through and including December 31, 2020.
5. **Department of Alcoholic Beverage Control License Renewal Fees.** Allows the Director of the Department of Alcoholic Beverage Control to suspend, for a period of up to 30 days, the deadlines for renewing licenses upon payment of annual fees. This authorization shall extend through December 31, 2020, and the Director shall consider funding availability in determining whether to exercise this discretion.
6. **California Environmental Quality Act.** Extends certain public filing, posting, notice, and public access requirements for projects undergoing, or deemed exempt from, California Environmental Quality Act review until this Order is modified or rescinded, or until the State of Emergency is



terminated, whichever occurs sooner. A lead agency, responsible agency, or project applicant that complies with the conditions set forth in subparagraphs (a)–(c) of Paragraph 8 of Executive Order N-54-20 shall be deemed to have fully satisfied any applicable requirements for public filing, posting, notice, and public access set forth in Public Resources Code sections 21092.3 and 21152, as well as California Code of Regulations, Title 14, sections 15062(c)(2) and (c)(4); 15072(d); 15075 (a), (d), and (e); 15087(d); and 15094(a), (d), and (e). Nothing in this Paragraph 6 or in Paragraph 8 of Executive Order N-54-20 shall be construed to limit a lead agency's, responsible agency's, or project applicant's ability to satisfy applicable requirements for public filing, posting, notice, and public access by complying with the laws conditionally suspended by Paragraph 8 of Executive Order N-54-20.

7. **Department of Managed Health Care.** Authorizes the Department of Managed Health Care to assess the impacts of the COVID-19 pandemic on health care providers and health care service plans (including, but not limited to, dental and other specialized plans) in California, including by establishing procedures to require health care service plans to furnish information related to that subject.
8. **Governor's Appointments.** Extends the period for Senate confirmation of Gubernatorial appointments by an additional 30 days.

Governor Names Prison to Be Shuttered in 2021

Governor Newsom, consistent with his previously stated intentions to close two prisons over the next several years, announced today his Administration's plan to deactivate Deuel Vocational Institution in Tracy (San Joaquin County) in September 2021. The facility employs 1,080 workers and houses approximately 1,500 inmates. Read more in today's Department of Corrections and Rehabilitation [announcement](#).

Budget Oversight Hearings Slated for Next Week

Assembly Budget Subcommittee No. 6 on Budget Process, Oversight and Program Evaluation is holding two informational hearings on Tuesday, September 29. At 10 a.m. the Subcommittee will [discuss](#) Public Health Guidance and the CalREDIE System with officials from the California Department of Public Health. At 1 p.m. the Subcommittee will kick off an informational [hearing](#) on state expenditures with the Legislative Analyst's Office and Department of Finance.

Assembly Speaker Establishes Select Committee on Police Reform

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This week, Assembly Speaker Anthony Rendon announced the formation of an Assembly Select Committee on Police Reform. Chaired by Assembly Member Mike Gipson, the 12-member committee will offer a public forum for discussing additional measures in the ongoing police reform conversation. Other select committee members include Assembly Members Rebecca Bauer Kahan, Rob Bonta, Jordan Cunningham, Jesse Gabriel, Lorena Gonzalez, Tom Lackey, Evan Low, Chad Mayes, Eloise Reyes, Blanca Rubio, and Shirley Weber. The committee is expected to hold its first convening later this year.

The Speaker offered the following: “While California has made significant strides in police reform, there’s still much work to do ensuring equality and justice. The Assembly is committed to building on this progress by working with our communities and creating a more transparent process for reforms.”

Assembly Moderates Appoint New Leader

The Assembly moderate Democratic caucus reported this week that they have appointed Assembly Member Blanca Rubio (D-West Covina) as their new leader. The “Mod Caucus” is a somewhat unofficial group of business friendly Democrats often seen as a counterbalance to more liberal, labor-backed members. Assembly Member Rubio is taking the reins from Assembly Member Joaquin Arambula (D-Fresno), who Capitol observers would point out was the final vote in approving an expansion of paid family leave – [SB 1383](#) (Jackson), a measure broadly opposed by business interests.

Governor Signs Behavioral Health Bill Package

The Governor held a bill signing ceremony today with Senators Jim Beall and Scott Wiener, as well as Assembly Members Susan Eggman and Sharon Quirk-Silva to act on a package of behavioral health bills. The Governor signed the following measures:

[SB 803 \(Beall\)](#). This measure will secure behavioral health peer support specialist certification under Medi-Cal. The bill requires the Department of Health Care Services (DHCS) to seek any federal waivers it deems necessary to establish a Medi-Cal demonstration or pilot project for the provision of peer support services in counties that agree to participate and provide the nonfederal share of funding for a demonstration or pilot that include a certified peer support specialist as a Medi-Cal provider type.

[SB 855 \(Wiener\)](#). Senator Scott Wiener’s SB 855 revises California’s mental health parity law to cover medically necessary treatment of mental health and substance use disorders under the same terms and conditions applied to other medical conditions. The bill also establishes new requirements for

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medically necessary care determinations and utilization review and bans discretionary clauses in health plan contracts.

[AB 1976 \(Eggman\)](#). AB 1976 makes several changes to Assisted Outpatient Treatment (AOT), or Laura's Law. The bill changes the way counties opt into AOT. Under the bill counties will be required to implement AOT or to opt out via a resolution passed by the Board of Supervisors by July 1, 2021. AB 1976 will also allow a county, in combination with one or more counties, to implement an AOT program. The bill repeals the January 1, 2022 sunset date of Laura's Law.

[AB 2265 \(Quirk Silva\)](#). This bill authorizes expenditure of Mental Health Services Act (MHSA) funds to be used to treat a person with co-occurring mental health and substance use disorders when the person would be eligible for treatment of a mental health disorder under MHSA.

Additionally, Governor Newsom signed the following measures:

- [AB 1544 \(Gipson\)](#) – Community Paramedicine or Triage to Alternate Destination Act. A signing message can be found [here](#). The bill would permit local emergency medical services agencies (LEMSAs), with approval by the Emergency Medical Services Authority, to develop programs to provide community paramedic or triage to alternate destination services in one of the following specialties: 1) providing directly observed tuberculosis therapy; 2) providing case management services to frequent emergency medical services users; 3) providing hospice services to treat patients in their homes; and, 4) providing patients with transport to an alternate destination, which can either be an authorized mental health facility, or an authorized sobering center.
- [AB 1766 \(Bloom\)](#) – Licensed adult residential facilities and residential care facilities for the elderly: data collection: residents with a serious mental disorder. AB 1766 will require the state Department of Social Services to annually report the number of board-and-care homes that serve low-income Californians living with a severe mental illness, track their closures, and notify county behavioral health departments within three days of receiving notice that an operator plans to close a home.
- [AB 1979 \(Friedman\)](#) – Foster youth: housing. AB 1979 will ensure that California's Extended Foster Care Program (EFC) has capacity and supports to enable participants to live independently in safe and stable housing. The bill includes a transitional living setting approved by a county within the definition of a supported independent living placement (SILP), allowing counties greater discretion to provide young adults with alternative housing options that meet and health and safety



requirements. Counties will be expressly permitted to hold placements in these transitional settings for non-minor dependents who leave for up to 14 days and are expected to return.

- [AB 2112 \(Ramos\)](#) – Suicide prevention. AB 2112 authorizes the Department of Public Health (DPH) to establish the Office of Suicide Prevention. A signing message can be found [here](#).
- [AB 2275 \(Nazarian\)](#) – State armories: homeless shelters: security. AB 2275 strikes the requirement that cities and counties agree to ensure that local law enforcement visit the armory each night it is used as a shelter; instead, this bill will allow cities and counties to obtain a license to use an armory as a homeless shelter if they agree to notify local law enforcement officers that the armory will be used as a shelter and request that law enforcement officers make periodic visits each night it is in operation.
- [AB 2553 \(Ting\)](#) – Shelter crisis declarations. This bill expands the Shelter Crisis Act to all cities and counties in California, adds safe parking sites as an eligible form of shelter, and extends the sunset to 2026.
- [AB 3242 \(Irwin\)](#) – Mental health: involuntary commitment. AB 3242 will authorize an examination, assessment, or evaluation that relates to the involuntary commitment and treatment of individuals under the Lanterman-Petris-Short (LPS) Act, to be conducted using telehealth.
- [SB 1065 \(Hertzberg\)](#) – CalWORKs: homeless assistance. The bill makes several changes to the California Work Opportunity and Responsibility to Kids (CalWORKs) Homeless Assistance Program (HAP).

Criminal Justice Administrative Fee Bill Signed

Last Friday, the Governor signed [AB 1869](#) – one of the 2020-21 budget trailer bills approved in August – into law, enacting the elimination of more than a dozen specific criminal justice administrative fees beginning in 2020-21, vacating any debt associated with previously imposed fees, and providing five years of backfill revenue to counties. The specific fees that will be eliminated include:



Government Code	
27712	Public defender fee
27753	Cost of counsel
29550(c) 29550.1 29550.2 29550.3	Booking fees charged to an arrested person (by a local arresting entity)
Penal Code	
1203	Interstate compact supervision
1203.016(g)	Adult home detention administrative fee
1203.018(j)	Electronic monitoring administrative fee
1203.1b	Probation department investigation/progress report fee
1203.1e	Parole supervision fee
1208.2(b)	Program administrative fee)
1210.15	Continuous electronic monitoring fee
3010.8	Parole continuous electronic monitoring fee
4024.2(e)	Work furlough administrative fee
6266	Work furlough program fee
987.4	Minor public defense fee
987.5	Public defense registration fee
987.8	Public defense fee

The measure expresses legislative intent to determine the methodology for allocating funds to counties as part of next year's budget.

