

# LEGISLATIVE REPORT

A COMPILATION OF 2012 STATUTES



## LEGISLATIVE BRIEFINGS

November 13, Webinar

November 14, Riverside

# League of California Cities 2012 Legislative Report

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Publications Department  
1400 K Street, Ste. 400  
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Publications: Phone: (916) 658-8247  
Fax: (916) 658-8240  
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## ***About the League***

Established in 1898, the League of California Cities is a member organization that represents California's incorporated cities. The League strives to protect the local authority and autonomy of city government and help California's cities effectively serve their residents.

In addition to advocating on cities' behalf at the state capitol, the League provides its members with professional development programs and information resources, conducts educational conferences and research, and publishes *Western City* magazine.

# Legislative Report

2012

Please note: Legislation marked with an asterisk (\*) has been identified as high priority by League staff.

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## Glossary of Terms

AB	Assembly Bill
ACA	Assembly Constitutional Amendment
AJR	Assembly Joint Resolution
ARB	Air Resources Board
BOE	Board of Equalization
Brown Act	Ralph M. Brown Act
BSCC	Board of State and Community Corrections
CalEPA	California Environmental Protection Agency
CalPERS	California Public Employees' Retirement System
CalRecycle	California Department of Resources Recycling and Recovery
CalSTRS	California State Teachers' Retirement System
CalTrans	California Department of Transportation
CDCR	California Department of Corrections and Rehabilitation
CEC	California Energy Commission
CEQA	California Environmental Quality Act
CHFA	California Housing Finance Agency
COPS	Citizens Option for Public Safety
CTC	California Transportation Commission
DGS	Department of General Services
DIR	Department of Industrial Relations
DOF	Department of Finance
DOJ	Department of Justice
DPR	Department of Parks and Recreation
DWC	Division of Workers' Compensation
DWR	Department of Water Resources
FPPC	Fair Political Practices Commission
FTB	Franchise Tax Board
GHG	Greenhouse Gas(es)
GO-Biz	Governor's Office of Business and Economic Development
GRP	Governor's Reorganization Proposal
HCD	Department of Housing and Community Development
HSRA	High-Speed Rail Authority
HUTA	Highway Users Tax or Highway Users Tax Account
JJCPA	Juvenile Justice Crime Prevention Act
LAFCO	Local Agency Formation Commission
PACE	Property Assessed Clean Energy program
PERB	Public Employment Relations Board
PRA	Political Reform Act
PUC	Public Utilities Commission
ROPS	Recognized Obligation Payment Schedule
SB	Senate Bill
SCA	Senate Constitutional Amendment
SEI	Statement of Economic Interest
SJR	Senate Joint Resolution
SOS	Secretary of State
USDOT	United States Department of Transportation
VLF	Vehicle License Fee(s)

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## League Legislative Efforts and Accomplishments in 2012

The last few years have not been the best of times for the Golden State. A grueling economy forced a painful “reset” in both the private and public sectors. Job and revenue losses forced many tough decisions at kitchen tables, city council chambers, and the state Legislature. But the worst may now be behind us. There are indications that the state’s economic decline has stopped, which provides a foundation for recovery.

In 2012, cities also began to move on after redevelopment, a process made more difficult by an often uncollaborative Department of Finance (DOF). Consistent with the priorities of its members, the League focused on protecting and assisting its membership with redevelopment dissolution issues, which included filing a lawsuit to protect city sales and property tax and improve due process for successor agencies dealing with DOF. The League also convened a taskforce, and worked with several legislators, on alternative tools for infrastructure and economic development. Local control was also defended vigorously on a variety of fronts; and a bright spot emerged with the passage of pension reform.

### Redevelopment and Its Aftermath

A few days prior to the New Year, the California Supreme Court issued its ruling in *Matosantos v. California Redevelopment Association*, upholding ABx1 26, the redevelopment elimination measure. This ruling meant agencies were eliminated Feb. 1. The California Redevelopment Association (CRA) and the League made a legislative effort in January to delay the elimination date so that alternatives could be explored, in SB 659 (Padilla), but that effort failed to gain traction in the Administration. Thus, Gov. Jerry Brown achieved his objective of eliminating redevelopment agencies, the tool that had meant so much to urban development and affordable housing in California. The necessity and wisdom of this decision will be revealed in the years ahead.

The loss of redevelopment devastated many communities. Still, cities accepted the outcome of the Court’s decision and were prepared to move on. The League worked on AB 1585 with Assembly Speaker John Pérez on a clean-up to ABx1 26 to address local implementation issues, including preserving remaining affordable housing funds and requiring the repayment of city-agency loans. Regrettably, after that measure passed the Assembly in March with an urgency clause and bipartisan support, it was not provided a hearing in that form in the Senate.

The dissolution of redevelopment agencies also meant closing the doors of CRA and its staff of 13, who had for years served as chief representative and information conduit for agencies. Naturally, the League stepped in to fill the void. A working group of city attorneys and redevelopment specialists was convened by the League’s General Counsel, meeting weekly to compare notes on various pending legal actions and activities by DOF. Several webinars were hosted to provide information and guidance,

where possible, to “successor agencies.” The League also retained CRA’s former lobbyist to assist with redevelopment-related lobbying efforts. All of these costs were absorbed within existing League resources.

After the Senate failed to hear AB 1585, the redevelopment issue was folded into the budget process. In conjunction with the Governor’s May Revise, DOF released redevelopment trailer bill language aimed primarily at improving the state’s leverage over successor agencies. The League testified against this proposal, and submitted alternative language to legislators to expand due process and promote equitable resolution of outstanding disputes, repay city-agency loans, allow for the use of unexpended bond funds and other provisions.

Staff from DOF and Senate and Assembly Democrat leaders began meeting privately to draft language. What emerged from these discussions was a disappointment. The comprehensive 80-page bill language to AB 1484 was released on June 25.

Despite severe time constraints, the League reviewed the language, identified problems and drafted proposed amendments. Of most concern were the policy and constitutional issues raised by the claw-back provisions, unrealistic deadlines for successor agencies to make payments (including a provision billing agencies on July 9 and imposing penalties for payments not made by July 11). Also unclear was whether the “benefits” such as loan repayment and expenditure of unspent bond proceeds would actually be realized.

An evening session of the Senate Budget Committee was convened on June 26. Legislators raised concerns and made statements on how they were not going to be voting for the bill without specific changes. The bill was then put over. But the flames of political courage were soon snuffed; following some overnight arm-twisting by the Governor, the principled statements made the evening before melted into justifications the next morning. The bill was approved without change and signed into law on June 27.

Absent viable legislative recourse, the League filed litigation against the state on Sept. 24 over various aspects of AB 1484, including claw-back mechanisms that could divert local sales or property tax.

### **Next Steps on Economic Development/Infrastructure**

With redevelopment eliminated, a top priority became developing new tools cities could use for infrastructure and economic development. The League Task Force on the Next Generation of Economic Development Tools, chaired by League President Bill Bogaard, mayor of Pasadena, met several times in the spring to develop options and ideas.

A key focus of that task force, beyond accumulating and distributing information to cities on possible options and alternatives, was to examine the possibility of making Infrastructure Financing District Law (IFD) a useful tool. There were many problems

identified with IFD law, which had been on the books for 22 years and rarely used. While the law allowed the use of tax increment to fund infrastructure, it required two public votes at the two-thirds vote threshold (both to establish a district and issue debt). These dual vote requirements are sufficient to deter most agencies from looking further. There were also unresolved legal questions over whether the Constitutional debt limit applied to these districts and funding rehabilitation and maintenance of infrastructure was also not permitted. So much work had to be done.

The League worked internally with its attorneys and also in partnership with the California Building Industry Association to craft a series of changes to SB 214 (Wolk) to make it a useful tool. The League ultimately supported the measure and requested a signature from the Governor. Regrettably, the Governor vetoed the measure along with several other measures, including SB 1156 (Steinberg), which would have re-authorized redevelopment in a more limited form. The Governor's veto messages stressed his desire to keep cities focused on dissolving redevelopment and achieving the revenues from redevelopment assumed in the state budget, which are far short of projections. While disappointing in the short run, the veto messages leave room for returning to these issues in 2013.

### **Progress in Other Areas**

The League worked proactively to craft and support a major pension reform package, position cities to receive future funding from "Cap-and-Trade" revenues, provide enhanced communication opportunities with water boards, assist jurisdictions in the Central Valley, address concerns with 200-year flood plain issues, and help small cities with a regulatory problem with a state agency. These issues are summarized briefly below.

- Pension Reform: Achieving substantive pension reform was a top priority for the League and reflects the culmination of several years of work within the League, developing and refining policies. While implementation issues with AB 340 (Furutani) will naturally occur, this is a positive step toward restoring state and local fiscal stability over the long term.
- "Cap-and-Trade" Revenues: The League worked to develop policy to guide future distribution of expected future revenues derived from "Cap-and-Trade" auctions of allowances for greenhouse gas emissions. League supported AB 1532 (Pérez) contains guidance for an investment plan for Cap-and-Trade revenues that will likely include funding for local government transportation, energy efficiency, and SB 375 implementation.
- Water Boards: The League supported several bills addressing issues with state and regional water quality control boards. SB 965 (Wright) addresses the Administrative Procedure Act exemptions and prohibitions on *ex parte* communication between members of the state and regional boards and the regulated community.

- Flood Control: Implementation of recent flood control mapping was creating much concern for cities in the Central Valley. The League worked extensively with the Department of Water Resources to help them understand the impacts of their proposed regulations, and supported SB 1278 (Wolk) to address these issues.
- Small Cities/CDBG: Eighteen small cities were facing difficulty after their applications for state Community Development Block Grants had been incorrectly scored by the Department of Housing and Community Development (HCD). The League led a lobbying effort to help them get their applications re-scored, which included drafting and circulating a letter signed by all the affected legislators to the HCD Director, and meeting with the Director.

### Unfinished Business

In every legislative session significant work is expended on projects that will be continued in the coming year. Here are several areas of the League's unfinished business:

- City VLF/Incorporations and Annexations: Last year the Legislature swept \$130 million in city VLF funding, SB 89 of 2011, as part of a budget plan to fund realignment. This sweep caused severe hardships on recently incorporated cities and cities that had annexed inhabited areas. The League assisted the recently incorporated cities in various legislative efforts including an end-of-session push on AB 1098 (Carter) which the Governor vetoed. Meanwhile, the League is awaiting a decision on its litigation that is still pending in Sacramento Superior Court challenging the constitutionality of the 2011 VLF funding sweep in SB 89, and future legislative action on this issue is expected.
- Local UUT Revenues/Augmentation: The League has been involved in a discussion involving wireless companies and retailers over the challenges of collecting both state add-on rates and local utility user's taxes (UUT) from the sales of prepaid wireless services. Local UUT's may be losing \$100 million in revenue due to the difficulties of collection. After significant consultation with UUT cities, the League developed and submitted amendments to AB 1050 (Ma), the vehicle for the discussion, but that measure ultimately did not move. Negotiations are expected to resume in 2013. Any agreement needs to be structured in a way that protects affected local agencies from legal and political risks over the long term.
- CEQA: After 18 bills were introduced on CEQA reform, the League has worked with city attorneys to identify issues and convey concerns to legislative staff and other stakeholders. No major legislation passed in 2012, but major action is expected in 2013.

- **Enterprise Zones:** In 2011, the Governor was unsuccessful in his effort to eliminate enterprise zones, due to the opposition of many groups including the League and a legislative two-thirds vote hurdle. In 2012, HCD commenced a regulatory effort to alter enterprise zone requirements and the League supported legislation that would have provided temporary extension to two expiring zones. The League will remain active in reviewing HCD regulations and supporting enterprise zones.

### **Evaluating League Progress On Strategic Goals**

The League board of directors outlined three strategic goals for the 2012 legislative session:

1. Support sustainable and secure public employee pensions and benefits;
2. Promote local control for strong cities;
3. Build strong partnerships for a stronger Golden State.

As always, the cornerstone of the League's political strength and success begins with the commitment and dedication of the many city officials who devote their time and energy to serving within the League's divisions, policy committees, special task forces and board of directors.

### **Support Sustainable and Secure Public Employee Pensions and Benefits**

Since 2005, with the issuance of its *White Paper on Pension Reform*, the League has been concerned about the sustainability of public pensions in California. The house of cards built with all the best intentions toward public employees was collapsing. Something had to change. Cities were dedicating increased revenue to cover retirement and other benefit costs, and reducing current services to pay for them. The crisis expanded in 2008 when a collapsing economy took down local revenue and the retirement investment returns.

In 2011, the League updated its pension policies in its *Pension Reform Action Plan*, an effort spearheaded by the League's city manager's department, and refined by its policy committees and board of directors. Pension reform was a League strategic priority in both 2011 and 2012.

But could the Legislature deliver? Despite the dire fiscal forecasts by pension systems, concerns by taxpayer groups, admonishment of editorial boards, and indefensible examples of pension spiking and bloated compensation packages, most political observers doubted whether the Legislature could ever muster the fortitude to make substantial reforms to state and local pensions. Public employee labor interests usually get what they want when they want it.

An opportunity was presented, however, with the Governor's push for voter approval of a tax increase. Realizing voters were skeptical, the Governor said the Legislature had to enact tough cuts to state programs and make real reforms to public pensions. The Governor produced a 12-point plan for pension reform in 2011. This plan matched the League's principles in many respects.

After various stalled attempts, negotiations became serious at the end of the 2012 session. The League was asked by the Governor's office to help shape portions of the final agreement, and met numerous times with the Governor's representatives on details. The passage of AB 340 (Furutani) is a major step forward, and is expected to save billions for taxpayers and state and local agencies over the long-term. As expected, there will be many implementation issues and future clean-up, but progress on a major League priority was achieved. Looming next on the horizon are the massive state and local liabilities for other post-employment benefits (OPEB), which the League will also focus on.

### **Promote Local Control for Strong Cities**

Promoting and defending the local authority of cities is the cornerstone principle of the League. "Local control" means local democracy in its purest form; it is the core tenet which unites all cities. City officials believe that solutions to problems are best addressed by letting the local democratic process work at the community level, where the people have direct access to their government and can hold their elected representatives accountable for decisions and the quality of local services. Cities resist rigid, top-down, "one-size-fits-all" solutions that are unable to be changed or adjusted to match local circumstances.

When dealing with a Legislature that introduces over 2,000 bills per year, the League must maintain a strong and sustained defense of local control. It is always important to keep as many problematic bills as possible off the Governor's desk, to limit the number of requested vetoes. In 2012, the League successfully defended local flexibility on many fronts. Below are examples of bills either stopped or amended to address League concerns during the session:

- Protecting Local Flexibility: SB 375 Implementation: The League worked on several fronts to defend local flexibility under SB 375. Prior to the beginning of the year, the League met with the ARB staff to reinforce our position that regions should have local flexibility in deciding how to meet assigned greenhouse gas reduction targets. An article conveying how local flexibility was critical to the success of plans developed by the San Diego Association of Governments was published in *Western City Magazine*, with a copy sent to all legislators and key administration officials. The League also helped stop two bills: AB 1627 (Dickinson) prohibited local land use approvals unless they complied with state vehicle miles traveled (VMT) reduction criteria, and AB 904 (Skinner) imposed a uniform parking standard in all local transit intensive areas.

- Land Use: As always, it was a busy year on land use matters. AB 2231 (Fuentes) sought to shift liability for sidewalk repairs to cities, but it was defeated. Amendments were secured to AB 1897 (Campos) to remove provisions which would have imposed an unworkable one-size-fits-all planning requirement for local agencies to identify “food deserts” in their community. In addition, the League initially sponsored SB 1498 (Emmerson) to address some costly planning requirements imposed on cities for disadvantaged communities, then later worked to insert language into an omnibus bill that will reduce planning costs for cities. Finally, the League stopped AB 2312 (Ammiano) which proposed a problematic structure for marijuana regulation to override local zoning, building, and business license ordinances.
- Municipal Bankruptcy: The League worked to stop AB 1692 (Wieckowski), an effort to unravel the pre-bankruptcy mediation process under AB 506 of 2011.
- Public Records Act: The League opposed earlier versions of SB 1002 (Yee) to amend the California Public Records Act (CPRA) in a way that changed the fundamental premise of the CPRA and put costly burdens on public agencies. Amendments later removed League concerns.
- Brown Act/Litigation: Early versions of SB 1003 (Yee) exposed local agencies to needless litigation, by allowing lawsuits under the Brown Act over alleged “past actions” even if the alleged violation was no longer occurring. The League worked with expert city and county counsels to craft amendments to the bill that addressed concerns.
- Employment Applications/Criminal History: The League opposed, unless amended, AB 1831 (Dickinson), which prohibited cities and counties from inquiring into criminal history on employment applications. The bill later died in the Senate.
- Local Coastal Program Mandate Repeal: The League worked with other organizations to successfully oppose a Governor’s budget proposal which would remove local approval authority for projects in the coastal zone.

### **Build Strong Partnerships for a Stronger Golden State**

While partnerships to reform state governance and promote transparency was a League strategic goal, opportunities were limited in a year when most of the Leagues’ resources were expended defending and assisting cities on post-redevelopment issues and protecting local authority in a volatile legislative climate.

Several meetings of the League’s policy committees and board of directors were dedicated to reviewing California Forward’s proposed ballot initiative. Entitled the *Government Performance and Accountability Act* and labeled Prop. 31 on the November ballot, the measure proposed many changes to state and local budgeting.

California Forward incorporated some suggestions, but opted not to accept several major League amendments. Based on concerns over how future implementation could affect local governments, the League adopted a “No Position” on Prop. 31

On transparency issues, the League worked to resolve issues with SB 186 (Kehoe), sponsored by the state Controller. The legislation would have given the Controller new authority to investigate and audit local agencies under specific circumstances, and establish a voluntary financial review committee composed of state and local government representatives. This measure was later held up over unrelated matters, but its contents could be revisited in 2013.

The most significant legislative reform measures for 2012, however, are being implemented in the legislative and congressional elections. Three measures enacted in recent years are now at work for the first time: (1) legislative redistricting by an independent panel, (2) the open primary system which places the two candidates receiving the most votes in the primary on the general election ballot, and (3) the results of recently enacted Prop. 28 which expands term limits and enables all newly-elected legislators to serve up to 12 years in one house. The 2013-14 Legislative Session will reveal if these reform proposals combine to produce a more accountable and less partisan Legislature.

### **Governor’s Final Bill-Signing Decisions: Waiting for Consistent “Subsidiarity”**

The ability to sign and veto legislation is a powerful tool. Governors set a policy tone with their decisions; veto messages are always read closely. Also evaluated is a Governor’s propensity to veto bills. Last year, the Governor vetoed approximately 14 percent of bills, but in 2012 that percentage dropped to 12 percent. Some vetoes can be attributed to avoiding decisions which could undermine the Governor’s tax measure at the ballot. Whether Governor Brown reverts to his track record of the 1970’s of vetoing only four percent of all bills over eight years remains to be seen. Should he return to such practices, keeping bills harmful to local control off of his desk will be even more critical.

The first half of this Governor’s term has had one notable high (pension reform) and some deep lows (e.g., redevelopment dissolution) for cities. In 2011, the Governor’s sign-veto decisions were consistent with the League’s request just 56 percent of the time, and he signed some of the most controversial League-opposed bills, such as AB 438 (Williams), limiting contracting for library staffing; and AB 646 (Atkins), compulsory fact-finding.

In 2012, the Governor’s decisions were improved, but this also reflects that the League was more successful in keeping controversial items off of his desk. The League appreciated his veto of AB 2451 (Pérez), which proposed costly, expanded death benefits to the descendants of firefighters and police. This was the top-priority veto

request for the League. Yet, the Governor also vetoed SB 214 (Wolk) and several other bills that would have provided additional tools to local governments to develop infrastructure and pursue economic development.

Finally, each year the Governor reveals concepts derived from his Jesuit teachings. In 2012, he described the “principle of subsidiarity” when vetoing AB 2242 (Dickinson), a measure which would have undercut the ability of school districts to handle disruptive students. On that bill he wrote: “*The principle of subsidiarity calls for greater, not less, deference to our elected school boards which are directly accountable to the citizenry.*” To city officials, this mirrors a definition of “local control.” It would be welcome if the Governor applied this principle to bills on his desk in a consistent manner over the final two years of his term.

### Going Forward

Much depends on the outcome of Prop. 30, the Governor’s tax measure. The voters’ decision on that matter will set the tone for the 2013 Legislative Session. Also, hanging in the balance is constitutional protection for realignment funding provided to counties. Should it pass, the prospects for the state budget will improve, perhaps allowing more time to address other policy issues. If it fails, the trigger cuts are poised to be enacted and legislators may resort to additional gimmicks that shift the problem around.

Also to be observed is how a new class of legislators elected from redrawn districts and from top-two primaries with the opportunity to spend up to 12 years in the Assembly or Senate will conduct themselves. Will they be more focused on developing policy expertise, working in a bi-partisan fashion than their predecessors? Or will it be more of the same, lock-step voting with caucuses much of the time.<sup>1</sup>

For cities, the unwinding of redevelopment agencies will continue to play out both in the DOF administrative process and numerous pending court actions. At some point, legislators and the Governor may awaken to the serious policy problems presented by ignoring the problems created by sweeping the VLF from newly incorporated cities and inhabited annexations. Those clamoring for sustainable development and affordable housing will have to become much more serious in developing solutions and tools to address the challenges of rebuilding existing urban areas.

Whatever the challenges ahead, it remains most important for cities to be unified and avoid those that seek to exploit internal divisions. For over 100 years, the strength of the League has been the power of cities working together with a common voice and agenda. While the last several years have at times tested those bonds, they have not broken. By maintaining our internal strength and building strategic alliances we will regain lost ground and shape a better future for our communities.

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<sup>1</sup> An Oct. 11, 2012 article in the *Sacramento Bee* showed that during the 2011-12 biennium Democrat legislators votes with a majority of their caucus 99 percent of the time and Republicans voted with a majority of their caucus 94 percent of the time.



1400 K Street, Suite 400 • Sacramento, California 95814  
Phone: 916.658.8200 Fax: 916.658.8240  
[www.cacities.org](http://www.cacities.org)

**October 18, 2012**

**TO: Honorable Members of the California State Legislature**

**FROM: Dan Carrigg, Legislative Director**

**RE: League 2012 Legislative Vote Records on Key City Bills**

Attached is the 2012 report on legislative vote records compiled by the League of California Cities. It contains floor vote records on eight Senate bills and eleven Assembly bills. The bills identified reflect measures both supported and opposed by the League that we advised the legislature would likely have significant impacts on cities.

Although the dissolution of redevelopment agencies continues to cause the loss of jobs, housing and infrastructure projects, cities accepted the outcome of the California Supreme Court's decision and were prepared to move on. Early in the session we appreciated the positive effort by the Assembly Speaker with AB 1585 (Pérez) to enact reasonable clean-up to ABx1 26 of 2011. Regrettably, after that measure passed the Assembly in March with an urgency clause and bipartisan support, it was not provided a hearing in that form in the Senate. Later, cities were deeply disappointed with key portions of the redevelopment budget trailer bill, AB 1484 that the League advised the legislature will threaten funding for city public safety and other core services through various property and sales tax claw-back mechanisms. Given these potential significant negative impacts, the League has assigned 25 percent of the total score to votes on AB 1484.

Still, the 2012 session was one in which important progress was made. The passage of pension reform in AB 340 (Furutani) was a very positive step toward restoring the sustainability of public pensions. Since pension reform was a top priority for the League, we have also assigned 25 percent of the total score to votes on this bill. Votes on the remaining bills are combined and assigned the remaining 50 percent weight.

In the attached packet, we also caution our members that vote records alone do not tell the full legislative story, and we urge them to use the report only as the starting point for a discussion with you about your policy choices in 2012. We pointed out examples of other ways in which legislators were helpful to cities in 2012, even if their final vote might not reflect a supportive position.

Our state and cities are not well served by continuing division. Each level of government plays a unique and vital role serving the people of California. The League welcomes a continued dialogue with you in 2013 about how we can better collaborate to serve the

people of California and our cities. City leaders remain committed to providing critical municipal services, enhancing community quality of life, and investing in infrastructure—all of which will support an improved economy. We welcome the chance to work with you in partnership to move California, its cities and residents forward.

Thank you for your public service. Please let me know if you have any questions about this report. I can be reached at (916) 658-8222 or [carriggd@cacities.org](mailto:carriggd@cacities.org).

### **2012 Legislative Vote Records on Key City Bills**

The 2012 Legislative Session was dominated by state budget difficulties and positioning over initiatives on the November ballot. As ABx1 26 of 2011 took effect in conformance with the Supreme Court's *Matosantos* decision, 2012 meant the end of redevelopment. There was a positive attempt to address redevelopment dissolution issues in AB 1585 (Pérez), which passed the Assembly with an urgency clause and bipartisan vote, but regrettably the measure in that form was never allowed a hearing in the Senate. Ultimately a budget trailer bill, AB 1484, containing many aggressive and potentially unconstitutional provisions focused on maximizing potential state revenue, was passed without changes. The League recently filed a lawsuit challenging the constitutionality of AB 1484 over various property and sales tax claw-back provisions which create vulnerabilities for core city public safety and other services.

But the news for 2012 is not all negative: major progress was made on pension reform, a top League priority, through the passage of AB 340 (Furutani). Other measures helpful to cities and supported by the League such as SB 214 (Wolk), SB 965 (Wright), AB 1098 (Carter) and SB 1278 (Wolk) passed the Legislature. Some bills opposed by the League which undermined local authority were stopped in the second house or amended to remove opposition.

The League compiled its scorecard based on floor actions on bills important to cities during the 2012 session. In the Senate, votes on a total of eight bills are listed; in the Assembly, however, there were several other significant floor votes so a total of eleven bills are listed. Results on bills listed in this vote record which reached the Governor's desk are listed below with the bill descriptions.

Given redevelopment's importance to many cities, votes on the flawed redevelopment trailer bill, AB 1484, are given 25 percent weight. In recognition of the importance of pension reform, votes on AB 340 are also given 25 percent weight. Votes on the remaining bills are combined and assigned the remaining 50 percent weight. The total combined score is listed in the far right column. Votes consistent with the League's position are marked with a "+" sign, and those counter to the League's position are marked with a "-" sign. Abstentions, which can be important, are reflected with either "NV+" or "NV-" sign. Absences are noted with an "ABS" sign, and are not counted as part of the final tally.

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**Some Comments and Cautions on Vote Records:**

- 1) The most powerful tool a legislator has is their vote. Thus legislators should be held accountable for votes, but a sampling of legislative floor votes does not always provide the full story. The League took action on many bills that are not on this list. Some bills were stopped in committees; many were amended to remove concerns. A legislator may have helped in committee or in behind-the-scenes efforts to secure an amendment or broker a compromise. A legislator may have sponsored legislation or voted on other measures important to their city not reflected in this listing. Thus, a vote record only provides a partial picture.
- 2) Keep the relative importance of these bills and how they affect your community in mind. For cities, struggling with the aftermath of redevelopment, a vote on AB 1484 will outweigh most other bills on the list.
- 3) To protect local control and revenue, the League is compelled to play more defense than offense. Thus “No” votes and abstentions (“NV+”) on bills the League is opposed to often carry more weight.
- 4) The League is a non-partisan organization and focuses its efforts in representing the interests of cities. The reality of the legislative process, however, is that most bills that make it to the Senate or Assembly floors are authored by Democrat legislators. Few Republican-authored bills make it through the committee process.
- 5) Most bills on the list only required a majority vote. Democrats have 25 out of 40 seats in the Senate and 52 out of 80 seats in the Assembly. This means that the Democrat majority can usually pass bills without needing Republican votes. It also means that not all Democrats need to vote for bills.

**Ways to Use This Document:**

- 1) Have a conversation with your legislator about the 2012 Session, and include the vote record as part of that conversation.
- 2) If your legislator has a good record on local control, thank them publicly. They deserve it.
- 3) If your legislator’s vote record is weak, ask them why. Members often try to find ways of helping while avoiding bucking leadership or a powerful sponsor. Ask your legislator what else you should take into account.
- 4) Evaluate the conversation. Is there a reliable commitment for a continued or improved level of responsiveness to their city’s issues?
- 5) For elected city officials that provide legislative endorsements, consider whether or not the legislator merits your support.

**Legislation Included on League 2012 Vote Record:**

**AB 340 (Furutani). Pension Reform.**

**League Position: Support**

This measure contains comprehensive reforms to state and local public pension programs to improve sustainability and achieve significant savings for taxpayers and public agencies over the long term. Status: Signed by Governor.

**AB 1098 (Carter). Recently Incorporated Cities/Inhabited Annexations.**

**League Position: Support**

This measure was drafted at the end of session to address a critical funding problem experienced by the state's recently incorporated cities and cities with inhabited annexations due to the loss of city vehicle license fees (VLF). These funds were taken from these communities by the enactment of SB 89 of 2011, which swept all VLF from cities. Status: Vetoed by Governor.

**AB 1484 (Budget Committee). Redevelopment Trailer Bill.**

**League Position: Oppose, Unless Amended**

This budget trailer bill contained major revisions to ABx1 26 of 2011, the redevelopment dissolution law. The League opposed this measure due to provisions that allowed for the claw-back of local sales and use tax and property tax, and other provisions that undermined due process for successor agencies. Status: Signed by Governor.

**AB 1585 (Pérez). Redevelopment Clean-up.**

**League Position: Support (March 26, 2012, Assembly Floor Vote)**

This measure, as it was voted on the Assembly floor on March 26, contained consensus clean-up to ABx1 26 of 2011, the redevelopment elimination bill. The bill contained an urgency clause and secured significant bi-partisan support. Regrettably, the measure, in this form, was never granted a hearing in the Senate. Later in the session, the bill was used for another matter. Status: Not Applicable.

**AB 1692 (Wieckowski). Municipal Bankruptcy.**

**League Position: Oppose**

This measure proposed to unravel major aspects of AB 506 of 2011, which was agreed to with the League and enacted only months earlier to provide a pre-bankruptcy mediation opportunity for agencies in fiscal distress. This measure passed the Assembly but did not proceed to a floor vote in the Senate. Status: Died in Senate Rules.

**AB 2231 (Fuentes). Sidewalks: Liability for Repair.**

**League Position: Oppose**

This measure would have required voter approval before cities and counties could implement state law that states that property owners adjacent to sidewalks are responsible for sidewalk repair. This measure passed the Assembly but did not proceed to a floor vote in the Senate. Status: Died in Senate Appropriations.

**AB 2312 (Ammiano). Marijuana Regulatory System.****League Position: Oppose**

This measure would have established a statewide medical marijuana regulatory system and created more questions than guidance on this complicated and contentious issue. This measure passed the Assembly but did not proceed to a floor vote in the Senate. Status: Died in Senate Business, Professions and Economic Development.

**AB 2451 (Pérez). Public Safety: Death Benefits Increase.****League Position: Oppose**

This measure would have significantly increased local costs by doubling the statute of limitations from 240 weeks to 480 weeks for a presumptive death benefit claim for cancer, tuberculosis, or MRSA to be filed on behalf of a firefighter or peace officer. Status: Vetoed by Governor.

**SB 214 (Wolk). Infrastructure Financing Districts.****League Position: Support**

This measure, drafted with League assistance, proposed a long-needed rewrite of existing Infrastructure Financing Districts Law which would have enabled this tax-increment financing tool to assist with the financing of a wide variety of local infrastructure. Status: Vetoed by Governor.

**SB 965 (Wright). Water Boards: *Ex Parte* Communication.****League Position: Support**

This measure removes *ex parte* communication prohibitions that prevent a constructive dialogue with State Water Resource Control Board and Regional Water Quality Control Board members. Status: Signed by Governor.

**SB 1002 (Yee). Format for Public Documents.****League Position: Oppose, Unless Amended (May 31, Senate Floor Vote)**

This measure, as it was voted on by the Senate on May 31, proposed to amend the California Public Records Act (CPRA) in a way that changed the fundamental premise of the CPRA and put costly burdens on already struggling public agencies. After significant lobbying by the League, the bill was rewritten into a study bill in the Assembly Appropriations Committee and the League removed its opposition. Thus, the only floor vote reflected in the League's scorecard is the May 31, Senate floor vote. Status: Vetoed by Governor.

**SB 1278 (Wolk). Flood Control.****League Position: Support**

This measure revises the flood hazard planning and development requirements for those cities and counties located within the Sacramento-San Joaquin Valley required to meet 200-year flood standards. Status: Signed by Governor.



+ Legislator voted with League on a bill.  
 - Legislator voted against League on a bill.  
 NV+ Legislator did not vote, or abstained on a bill opposed by the League, which counts as supporting League's position.  
 NV- Legislator did not vote, or abstained on a bill supported by the League, which counts as opposing the League's position.  
 ABS Legislator was absent from the day's session due to health, legislative district business, or other personal reasons. (Absences are not counted as part of the final ratio.)  
 INC Incomplete, a final score is not provided given an insufficient number of votes.

SENATE REPORT CARD	AB 1484	AB 340	%	AB 1098	AB 2451	SB 214	SB 965	SB 1002	SB 1278	Ratio	%	Final Average
Legislator Position	OUA	Support		Support	Oppose	Support	Support	OUA	Support			
Alquist, Elaine (D-13)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
Anderson, Joel (R-36)	+	-	50%	+	+	-	+	-	+	4/6	67%	59%
Berryhill, Tom (R-14)	+	+	100%	+	NV+	-	+	NV+	+	5/6	83%	92%
Blakeslee, Sam (R-15)	+	+	100%	+	ABS	-	+	-	ABS	2/4	50%	75%
Calderon, Ronald (D-30)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
Cannella, Anthony (R-12)	+	+	100%	+	NV+	-	+	-	+	4/6	67%	84%
Corbett, Ellen (D-10)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
Correa, Lou (D-34)	+	+	100%	+	-	-	+	-	+	3/6	50%	75%
De León, Kevin (D-22)	-	+	50%	+	ABS	NV-	+	-	ABS	2/4	50%	50%
DeSaulnier, Mark (D-07)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
Dutton, Bob (R-31)	+	+	100%	+	NV+	-	+	-	+	4/6	67%	84%
Emmerson, Bill (R-37)	+	+	100%	+	NV+	-	+	-	+	4/6	67%	84%
Evans, Noreen (D-02)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
Fuller, Jean (R-18)	+	+	100%	+	+	-	+	-	+	4/6	67%	84%
Gaines, Ted (R-01)	+	+	100%	+	+	-	+	-	+	4/6	67%	84%
Hancock, Loni (D-09)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
Harman, Tom (R-35)	+	+	100%	+	+	+	+	NV+	NV-	4/6	67%	84%
Hernandez, Ed (D-24)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
Huff, Robert (R-29)	+	+	100%	+	+	-	+	-	+	4/6	67%	84%
Kehoe, Christine (D-39)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
LaMalfa, Doug (R-04)	+	+	100%	NV-	+	-	+	-	+	3/6	50%	75%
Leno, Mark (D-03)	+	+	50%	+	-	+	+	-	+	4/6	67%	59%
Lieu, Ted (D-28)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
Liu, Carol (D-21)	-	+	50%	NV-	NV+	+	+	-	+	4/6	67%	59%
Lowenthal, Alan (D-27)	+	+	100%	+	-	+	+	-	+	4/6	67%	84%
Negrete McLeod, Gloria (D-32)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
Padilla, Alex (D-20)	+	+	50%	+	-	+	+	-	+	4/6	67%	59%
Pavley, Fran (D-23)	+	+	100%	NV-	-	ABS	+	NV+	+	3/5	60%	80%
Price, Curren (D-26)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
Rubio, Michael (D-16)	+	+	50%	+	-	+	+	-	+	4/6	67%	59%
Runner, Sharon (R-17)	ABS	ABS	INC	ABS	+	ABS	ABS	ABS	+	2/2	100%	INC
Simitian, Joe (D-11)	-	+	50%	+	NV+	+	+	-	+	5/6	83%	67%
Steinberg, Darrell (D-06)	-	+	50%	+	-	+	+	-	+	3/6	50%	50%
Strickland, Anthony (R-19)	+	+	100%	+	NV+	-	+	ABS	+	4/5	80%	90%
Vargas, Juan (D-40)	-	+	50%	+	-	+	+	-	+	4/6	67%	59%
Walters, Mimi (R-33)	+	+	100%	+	+	-	+	-	+	4/6	67%	84%
Wolk, Lois (D-05)	-	+	50%	NV-	NV+	-	+	-	+	3/6	50%	50%
Wright, Roderick (D-25)	+	+	100%	+	-	+	+	-	+	4/6	67%	84%
Wyland, Mark (R-38)	+	+	100%	+	NV+	-	+	-	+	4/6	67%	84%
Yee, Leland (D-08)	-	+	50%	+	-	+	+	-	+	3/6	50%	50%

NOTE: Final Average percentage is rounded up.



ASSEMBLY REPORT CARD League Position	AB 1484 OUA	AB 340 Support	%	AB 1098 Support	A Floor Only 3/26		AB 1692 Oppose	AB 2231 Oppose	AB 2312 Oppose	AB 2451 Oppose	SB 214 Support	SB 965 Support	SB 1278 Support	Ratio	%	Final Average
					AB 1585 Support	AB 1585 Oppose										
Hagman, Curt (R-60)	+	NV-	50%	+	NV-	+	+	+	+	NV+	-	+	+	6/9	67%	59%
Halderman, Linda (R-29)	NV+	NV-	50%	+	NV-	+	+	-	+	NV+	-	+	+	6/9	67%	59%
Hall, Isadore (D-52)	-	+	50%	+	+	-	-	-	-	-	+	+	+	5/9	56%	53%
Harkey, Diane (R-73)	+	-	50%	+	NV-	+	+	+	+	+	-	+	+	6/9	67%	59%
Hayashi, Mary (D-18)	-	-	0%	+	+	NV+	+	-	-	-	+	+	+	6/9	67%	34%
Hernández, Roger (D-57)	-	+	50%	+	+	-	-	-	-	-	+	+	ABS	4/8	50%	50%
Hill, Jerry (D-19)	-	+	50%	+	+	+	+	-	-	-	+	-	+	5/9	56%	53%
Huber, Alyson (D-10)	-	+	50%	+	+	-	-	-	-	-	-	+	+	4/9	44%	47%
Hueso, Ben (D-79)	-	+	50%	NV-	+	-	-	-	-	-	+	+	+	4/9	44%	47%
Huffman, Jared (D-06)	+	+	100%	+	+	NV+	+	-	-	-	+	-	+	6/9	67%	84%
Jeffries, Kevin (R-66)	+	+	100%	+	+	+	+	+	+	+	-	+	+	7/9	78%	89%
Jones, Brian (R-77)	+	-	50%	+	NV-	+	+	+	+	+	-	+	+	6/9	67%	59%
Knight, Stephen (R-36)	+	+	100%	+	NV-	+	+	+	+	+	-	-	+	5/9	56%	78%
Lara, Ricardo (D-50)	-	+	50%	NV-	+	-	-	-	-	-	+	+	+	5/9	56%	53%
Logue, Dan (R-03)	NV+	+	100%	+	+	+	+	+	+	+	-	+	+	6/9	67%	84%
Lowenthal, Bonnie (D-54)	-	+	50%	NV-	ABS	NV+	+	-	-	-	+	NV-	+	4/8	50%	50%
Ma, Fiona (D-12)	-	+	50%	+	+	-	-	-	-	-	+	+	+	5/9	56%	53%
Mansoor, Allan (R-68)	+	-	50%	+	-	ABS	-	ABS	+	+	-	NV-	+	3/7	43%	47%
Mendoza, Tony (D-56)	+	-	50%	+	+	ABS	-	ABS	-	-	+	+	+	5/7	71%	61%
Miller, Jeff (R-71)	+	+	100%	+	+	+	+	+	+	+	-	+	+	6/8	75%	88%
Mitchell, Holly (D-47)	-	+	50%	+	+	+	+	+	+	+	-	+	+	5/9	56%	53%
Monning, William (D-27)	-	+	50%	NV-	+	NV+	+	-	-	-	+	+	+	6/9	67%	59%
Morrell, Mike (R-63)	+	+	100%	+	NV-	+	+	+	+	+	-	+	+	6/9	67%	84%
Nestande, Brian (R-64)	+	+	100%	+	NV-	+	+	+	+	+	-	+	+	6/9	67%	84%
Nielsen, Jim (R-02)	+	+	100%	+	+	+	+	+	+	-	-	+	+	5/9	56%	78%
Norby, Chris (R-72)	-	+	50%	+	-	NV+	+	-	NV+	+	-	+	+	6/9	67%	59%
Olsen, Kristin (R-25)	+	+	100%	+	NV-	+	+	+	+	+	-	+	+	7/9	78%	89%
Pan, Richard (D-05)	-	+	50%	+	+	-	-	-	-	-	+	+	+	5/9	56%	53%
Perea, Henry (D-31)	-	+	50%	+	+	-	-	+	+	-	+	+	+	6/9	67%	59%
Pérez, John (D-46)	-	+	50%	+	+	-	-	-	-	-	+	+	+	5/9	56%	53%
Pérez, V. Manuel (D-80)	+	+	100%	+	+	-	-	NV+	-	-	+	+	+	6/9	67%	84%
Portantino, Anthony (D-44)	+	+	100%	NV-	+	NV+	+	+	+	-	+	+	+	7/9	78%	89%
Silva, Jim (R-67)	+	+	100%	+	NV-	+	+	+	+	+	-	+	+	6/9	67%	84%
Skinner, Nancy (D-14)	-	+	50%	NV-	+	-	-	-	-	-	+	-	+	3/9	33%	42%
Smyth, Cameron (R-38)	+	+	100%	+	+	+	+	+	+	-	-	+	+	6/9	67%	84%
Solorio, Jose (D-69)	-	+	50%	+	+	-	-	+	+	-	+	+	+	6/9	67%	59%
Swanson, Sandré (D-16)	NV+	-	50%	+	+	-	-	-	-	-	+	+	+	5/9	56%	53%
Torres, Norma (D-61)	-	+	50%	+	+	NV+	-	-	-	-	+	+	+	6/9	67%	59%
Valadao, David (R-30)	+	+	100%	+	NV-	ABS	-	ABS	+	+	-	+	+	4/7	57%	79%
Wagner, Donald (R-70)	+	NV-	50%	+	NV-	+	+	+	+	-	-	+	+	6/9	67%	59%
Wickowski, Bob (D-20)	-	+	50%	NV-	+	-	-	-	-	-	+	+	+	5/9	56%	53%
Williams, Das (D-35)	-	+	50%	NV-	+	-	-	NV+	-	-	+	+	+	5/9	56%	53%
Yamada, Mariko (D-08)	-	+	50%	+	+	-	-	NV+	-	-	+	NV-	+	5/9	56%	53%

NOTE: Final Average percentage is rounded up.

## I. Administrative Services

### A. Elections

#### **AB 1413 (Fong). Elections.**

##### **Chapter 3, Statutes of 2012 (Urgency)**

This measure makes technical revisions and conforming changes to implement the existing “voter-nominated primary election” process otherwise known as the top-two primary election system.

#### **AB 1436 (Feuer). Voter Registration.**

##### **Chapter 497, Statutes of 2012**

This measure permits an eligible person to register to vote and vote at the office of the county elections official at any time, including on Election Day, if certain requirements are met.

#### **AB 1724 (Fong). Voting. Polling Place Procedures.**

##### **Chapter 238, Statutes of 2012**

This measure resolves conflict in law related to the time a voter can remain in a voting booth by repealing the five-minute timeframe in favor of allowing a voter to remain in the booth for 10 minutes and longer if needed. However, if a precinct board member determines that a voter is attempting to interfere with the conduct of the election and does not require more time to mark his or her ballot, the precinct board member may contact the elections official, who may order that the voter not be provided with additional time.

#### **AB 1805 (Huffman). Military or Overseas Voters.**

##### **Chapter 744, Statutes of 2012**

This measure makes several statutory changes and establishes new voting procedures for military and overseas voters to comply with the federal Uniformed and Overseas Citizens Absentee Voting Act and implement the policies of that Act and the Uniform Military Overseas Voters Act adopted by the National Conference of Commissioners on Uniform State Laws.

#### **\*AB 1851 (Allen). County, City, and District Initiative Petitions.**

##### **Chapter 240, Statutes of 2012**

This measure makes various changes to the Elections Code (EC) related to county, city and special district elections. Specifically for cities, this measure requires that the elections official keep on file the notice of intention, written text of the initiative, and written statement setting forth the reasons for the proposed petition filed by the proponents from the time materials pertaining to an initiative petition are filed pursuant to EC Section 9202 until: 1) the day after the elections official determines the initiative petition does not contain the minimum number of signatures required, 2) the day after

the election at which the initiative measure is put before the voters, or 3) the day after the proposed ordinance is adopted by the legislative body of the city. This measure also requires that the elections official furnish copies of these materials upon request.

**AB 1929 (Gorell). Elections. Casting Ballots.**  
**Chapter 694, Statutes of 2012 (Urgency)**

This measure makes several statutory changes to establish a process and procedure for the review and approval of “ballot marking systems” for use in California elections. The measure defines ballot marking system to mean any mechanical electromechanical, or electronic system and its software that is used for the sole purpose of marking a ballot for a special absentee voter and is not connected at any time to a voting system.

**AB 1986 (Davis). Redistricting.**  
**Chapter 318, Statutes of 2012**

Current law requires the CDCR to furnish the Citizens Redistricting Commission (CRC) information regarding the last known residence of each inmate incarcerated in a state adult correctional facility and specifies that an inmate’s last known residence is the address at which the inmate was last living prior to his or her current term of incarceration. This measure specifies that CDCR must provide the last known census block instead of the ZIP Code of the place of residence for each inmate and also requires CDCR to exclude individuals whose place of residence cannot be determined and all inmates in federal custody in a facility in California. The measure makes other specific requests of the CRC when using the information from the CDCR.

**AB 2080 (Gordon). Vote by Mail Ballots.**  
**Chapter 501, Statutes of 2012**

This measure eliminates the requirement that a vote by mail voter be ill or physically disabled in order to designate his or her spouse, child, parent, grandparent, grandchild, brother, sister, or a person residing in the same household to return his or her marked ballot.

**AB 2692 (Elections and Redistricting Committee). Electoral Districts and Precincts.**

**Chapter 504, Statutes of 2012**

This measure repeals several obsolete provisions of the elections code related to Senate, Assembly, BOE, and congressional districts.

**AJR 22 (Wieckowski). Campaign Finance Reform.**  
**Resolutions Chapter 69, Statutes of 2012**

This resolution memorializes the Legislature’s disagreement with the decision of the *United States Supreme Court in Citizens United v. Federal Election Commission*, where the court struck down limitations placed on a corporation’s ability to make political independent expenditures, holding that limits on such contributions are a violation of free speech. The resolution calls upon the United States Congress to propose and send to the states for ratification a constitutional amendment to overturn the case.

**SB 1096 (Elections and Constitutional Amendments Committee). Citizens Redistricting Commission.**

**Chapter 271, Statutes of 2012**

This measure makes several substantive and technical changes that govern the operations of the Citizens Redistricting Commission (CRC). Most notably, this measure moves up the deadline by four and one-half months for accepting and reviewing applications from individuals interested in serving on the CRC. This measure requires the State Auditor to provide support to the CRC instead of the Secretary of State. This measure extends the amount of time CRC has to fill a vacancy from 30 to 90 days, puts in place a specific timeframe for public comment on preliminary maps and final maps and also requires at least a 14-day public notice period for most meetings. This measure also makes other related changes.

**SB 1188 (Elections and Constitutional Amendments Committee). Elections.**

**Chapter 132, Statutes of 2012**

This measure makes minor and technical changes to the law governing elections. First, it deletes the requirement that the circulator of a petition provide his or her middle name or initial on the petition in order for it to be certified by an elections official. Second, this measure corrects erroneous cross-references contained in the Water Code related to all-mailed ballot elections.

**SJR 29 (Yee). Voting. Disenfranchisement.**

**Resolutions Chapter 125, Statutes of 2012**

This resolution proclaims the support for the investigation by the federal DOJ into whether state legislatures are discriminating against and suppressing the vote of minorities, senior citizens, young adults, or those with physical disabilities or limited economic means, and further denounces any law that disenfranchises society's most disadvantaged eligible voters.

***B. Elected Officials***

**AB 2410 (Fuentes). Elective Office. Felony Conviction.**

**Chapter 160, Statutes of 2012**

This measure specifies that a person cannot be considered for and is not eligible to be elected to any state or local elective office if the person has been convicted of a felony involving, accepting, giving, or offering to give any bribe, the embezzlement of public money, extortion or theft of public money, perjury, or conspiracy to commit any of those crimes. This measure also specifies that a conviction of a felony includes convictions in California and a conviction under the laws of any other state, the United States, or any foreign government or country of a crime that would be considered a felony if committed in California and for which a pardon has not been received.

**SB 1357 (Cannella). Removal From Office. Grand Jury Accusation.**  
**Chapter 134, Statutes of 2012**

This measure attempts to clarify the law regarding grand juries by specifying that an accusation against a local public officer for willful or corrupt misconduct can be presented by either a civil grand jury or a criminal grand jury. Existing law is not clear as to whether “grand jury” refers to the civil grand juries that are regularly drawn and summoned at least once a year in each county, or if it includes ad hoc criminal grand juries that are impaneled as needed.

***C. Political Reform Act of 1974***

**\*AB 1509 (Hayashi). Political Reform Act of 1974. Statements of Economic Interest.**

**Chapter 498, Statutes of 2012**

This measure requires that each city or county clerk who maintains an Internet website post on that Internet website a notification that includes:

- A list of the elected officers identified in Government Code Section 87200 who file SEI;
- A statement indicating that copies of the SEI filed by elected officers may be obtained by visiting the offices of the FPPC or the offices of the city clerk, as appropriate; and
- A link to the FPPC’s Internet website and a statement indicating that SEIs for some state and local government agency elected officers may be available in an electronic format on the FPPC’s Internet website.

**\*AB 2062 (Davis). Political Reform Act of 1974. Statements of Economic Interest. Electronic Filing.**

**Chapter 500, Statutes of 2012 (Urgency)**

This measure authorizes a local public agency to permit the electronic filing of a SEI as required to be filed under the PRA of 1974 in accordance with regulations adopted by the FPPC. Additionally this measure:

- Requires the FPPC, in consultation with interested parties, to use common database integration features in developing database design requirements for all electronic filings;
- Requires an agency that intends to permit electronic filing of SEIs to submit a proposal along with a \$1,000 fee to the FPPC for approval and certification. Additionally prohibits an agency from charging a person to electronically file to recover the cost of the filing fee;
- Requires the FPPC to review an agency’s electronic filing system for compliance with regulations adopted by the FPPC and requires that the FPPC certify and approve the agency’s filing system; and
- Makes other related statutory changes.

**\*AB 2452 (Ammiano). Political Reform Act of 1974. Online Disclosure.  
Chapter 126, Statutes of 2012**

This measure authorizes a local government agency to require online or electronically submitted reports from an elected officer, candidate, committee, or other person required to file statements, reports, or other campaign disclosure documents required by the PRA of 1974. If online or electronically submitted reports are required, the agency must follow specified requirements including:

- The legislative body must adopt an ordinance approving the use of online or electronic filing and allow the requirements to file to be restricted to identified types of filings or triggered by specific monetary thresholds. The ordinance cannot require a filer who receives contributions or makes expenditures of less than \$1,000 in a calendar year to file reports online or electronically. The ordinance cannot require a filer to file a report online or electronically if they have already filed a report with the Secretary of State (SOS).
- The online or electronic filing system must only accept a filing in the standardized record format that is compatible with the SOS's system for online or electronic filing.
- The system must ensure the integrity of the data and include safeguards against efforts to tamper with, manipulate, alter, or subvert the data.
- The system must issue a confirmation notifying a filer that his or her filing was received and must include the specific date and time by the filing officer. The copy retained by the filer creates a rebuttable presumption that a report was filed on time.
- The local filing officer must make the data available on the Internet, but the data may not contain the street name and building number of the filer. However, an unredacted version of the report must be made available on request.
- The system must include a procedure for filers to comply with the requirement that they file reports under penalty of perjury.
- Filing officers must maintain a secured, official version of each statement, report, or other document online for a period of at least 10 years, and requires the information to be archived in a secure format after that.
- Notwithstanding any other provision of law, any statement, report, or other document filed online or electronically cannot be required to be filed with the local filing officer in paper format.

**AB 2691 (Elections and Redistricting Committee). Political Reform Act of 1974.  
Online and Electronic Filing.  
Chapter 503, Statutes of 2012**

This measure repeals several obsolete provisions of the PRA of 1974 related to online or electronic disclosure or campaign and lobbying information.

**SB 488 (Correa). Political Reform Act of 1974. Slate Mailers.****Chapter 865, Statutes of 2012**

This measure requires a slate mailer that represents the position of a public safety organization to include specified information about the organization's membership. This measure prohibits the use of a logo of a government organization or of specified non-government organizations in a slate mailer without the written consent of the organization.

**SB 1001 (Yee). Political Reform Act of 1974. Lobbyists and Committees. Fees.****Chapter 506, Statutes of 2012**

This measure imposes fees on specified committees that file disclosure reports pursuant to the PRA of 1974 and increases lobbying firm and lobbyist employer fees from a maximum of \$25 per year to \$50 per year for each lobbyist listed on the registration statement. This measure creates the Political, Accountability, Transparency, and Access Fund (PDATA Fund) and requires the fees collected from committees to be deposited in the PDATA Fund as well as half of the fees collected from lobbyist employers and lobbying firms. Monies in the PDATA Fund can be appropriated by the Legislature for the maintenance, repair, and improvement of the online or electronic disclosure program implemented by the SOS, which is subject to the project approval and oversight process established by the California Technology Agency.

***D. California Public Records Act*****AB 2221 (Block). Public Records.****Chapter 697, Statutes of 2012**

This measure adds prosecutors and public defenders to the list of professionals whose home address and telephone number, as contained in firearm licenses and license applications, are not fully disclosed pursuant to the California Public Records Act (PRA). Additionally, this measure adds confidential information or records pertaining to crime victims as provided in the Victims' Bill of Rights Act of 2008 to the list of information not required to be disclosed under the PRA.

### ***E. Ralph M. Brown Act***

#### **\*SB 1003 (Yee). Local Government. Open Meetings. Cease and Desist Letters. Chapter 732, Statutes of 2012**

This measure amends the Brown Act to authorize legal action against a legislative body to determine if certain past actions within the previous nine months have violated the Brown Act. Specifically this measure:

- Authorizes a district attorney or any interested person to file an action to determine the applicability of the Brown Act to a past or ongoing action of a legislative body;
- Requires that, prior to filing an action in court, a plaintiff must first submit a cease and desist letter to the legislative body, clearly describing the past action and the nature of the alleged violation within nine months of the alleged violation;
- Provides that an action can be filed in court if the legislative body fails to respond to the cease and desist letter within the allotted time and in doing so fails to provide an unconditional commitment to stop the practice that was alleged to be in violation of the Brown Act;
- Requires that the plaintiff file the action within 60 days of the receipt of the legislative body's response to the cease and desist letter if the legislative body did not provide an unconditional commitment to stop the practice alleged to be in violation, or within 60 days allotted to the public agency to respond to the cease and desist letter, whichever is earlier. Additionally, a plaintiff is barred from commencing an action if this timeframe has not been met;
- Permits the legislative body to respond to the cease and desist letter within 30 days of receiving the letter. A legislative body can still provide an unconditional commitment to stop the practice that is alleged to be in violation but a court must award court costs and reasonable attorney's fees to the plaintiff if an action has been filed;
- Prohibits a person or district attorney from commencing an action in these cases when a legislative body has provided an unconditional commitment to cease and desist the practice that is alleged to be in violation;
- Provides that the provisions of this measure do not apply to past actions taken by a legislative body before Jan. 1, 2013; and
- Makes other related statutory changes.

### ***F. Legal***

#### **AB 2274 (Lara). Vexatious Litigants. Chapter 417, Statutes of 2012**

This measure reduces harassing tactics and frivolous claims by removing a loophole in protections afforded by the vexatious litigant statute. The measure also allows legitimate claims to move forward, while giving judges stronger tools to control these types of lawsuits.

**AB 2690 (Judiciary Committee). Civil Law. Tort Claims.**  
**Chapter 759, Statutes of 2012**

This measure adopts “Government Claims Act” as the short title for Title 1, Division 3.6 of the Government Code, and replaces the reference “Tort Claims Act” with “Government Claims Act” throughout the codes.

### ***G. County Recorders***

**\*AB 1642 (Gordon). County Recorder. Recordation of Documents.**  
**Chapter 94, Statutes of 2012**

This measure clarifies a county recorder’s ability to record documents authorized or required by local ordinance.

**SB 1090 (Governance and Finance Committee). Local Government. Omnibus Bill.**  
**Chapter 330, Statutes of 2012**

This measure is the Senate Governance and Finance Committee’s yearly omnibus bill, which makes numerous technical and or non-controversial changes to existing law. Of importance to cities, the measure:

- Clarifies that the update of a land use element required by cities to plan for disadvantaged unincorporated communities in their sphere of influence is to be based upon available data;
- Makes a technical change to the statute indicating that the copies of the complete text of a charter proposal or of any amended or repealed section ratified by the voters of a city, or city and county, submitted to the county recorder are recorded not filed, and that copies submitted to the city archives are filed not recorded;
- Deletes archaic majority voter approval language and inserts cross-references to voter approval requirements for special taxes into a statute authorizing cities to impose charges for sidewalk installation; and
- Allows local governments that levy benefits assessments under the Benefit Assessment Act of 1982 to use validation suits to confirm their actions.

### ***H. Tobacco***

**AB 1301 (Hill). Retail Tobacco Sales. STAKE Act.**  
**Chapter 335, Statutes of 2012**

This measure repeals the existing penalty structure for the Stop Tobacco Access to Kids Enforcement Act (STAKE Act) and recasts the structure with a new \$200 civil penalty and new schedule for suspending and revoking an entity’s license. This measure requires that the California Department of Public Health notify the BOE of the specified violations it assesses on a person, firm, or corporation. This measure makes other related changes and findings.

## II. Community Services

### *A. General*

#### **SB 803 (DeSaulnier). California Youth Leadership Project.**

##### **Chapter 379, Statutes of 2012**

This measure establishes the California Youth Leadership Project (Project) under the State Department of Education and creates a new scholarship program to support youth who participate in specific civic engagement programs. Additionally, the measure creates a new tax check-off to allow taxpayers to designate contributions to the fund on their income tax returns to support the Project.

#### **SB 1044 (Liu). Libraries. Administration.**

##### **Chapter 219, Statutes of 2012**

This measure streamlines the administration of public libraries in California to reflect changes in technology and functions due to budget constraints.

#### **\*SB 1207 (Fuller). CARE Program.**

##### **Chapter 613, Statutes of 2012**

This measure authorizes Investor Owned Utilities (IOUs) to take certain actions regarding participants in the California Alternative Rates for Energy (CARE) program whose usage exceeds 600 percent of baseline usage in any billing months. This is a helpful step for many communities in identifying illegal drug manufacturing.

#### **SB 1500 (Lieu). Seized and Abandoned Animals. Full Costs. Forfeiture.**

##### **Chapter 598, Statutes of 2012**

This measure makes a number of clarifying changes to provisions dealing with the seizure of animals.

### *B. Parks and Recreation*

#### **\*AB 1478 (Blumenfield). State Parks. Finances.**

##### **Chapter 530, Statutes of 2012**

This measure makes a number of changes to the budget for state parks including prohibiting the DPR from closing or proposing the closure of a state park in 2012-13 and 2013-14 fiscal years.

#### **\*AB 1589 (Huffman). State Parks. Sustainability and Protection.**

##### **Chapter 533, Statutes of 2012**

This measure requires the DPR to develop a plan to increase revenues at state parks, appropriates \$10 million in Prop. 84 general obligation bond funds for the installation of revenue collection equipment and other improvements at state parks, and authorizes taxpayers to voluntarily contribute to the state park system through the income tax system.

**\*AB 1991 (Smyth). Child Care Licensing Exemption. Public Recreation Programs. Chapter 122, Statutes of 2012**

This measure increases the number of weeks and hours that public recreation programs may operate from 12 weeks and 16 hours per week to 14 weeks and 20 hours per week without having to be licensed under the California Child Day Care Facilities Act and the California Community Care Facilities Act.

**AB 2114 (Smyth). Swimming Pool Safety. Chapter 679, Statutes of 2012**

This measure updates state law as it pertains to safety standards for swimming pools and spas.

**\*AB 2249 (Buchanan). Solar Water Heating and Efficiency Act of 2007. Chapter 607, Statutes of 2012**

This measure expands the definition of a solar water heating system under the California Solar Initiative (CSI) Thermal Program to make non-residential solar pool heating systems eligible to receive installment incentives as part of the existing CSI Thermal Program.

**\*SB 1087 (Walters). Organized Camps. Chapter 652, Statutes of 2012**

This measure doubles the number of hours (from 30 to 60) an Afterschool Safety and Education Program (ASES) program, operated by a city, county or non-profit, may operate without having to be licensed under the California Child Day Care Facilities Act and the California Community Care Facilities Act.

### ***C. Public Health***

**AB 1427 (Solorio). Food Facilities. Sanitization. Chapter 629, Statutes of 2012**

This measure adds a solution of ozone that meets specified federal regulations to the list of chemical solutions authorized in existing law for use in the manual sanitization of utensils and equipment under the California Retail Food Code.

**AB 2246 (J. Pérez). Public Health: Food Access. Chapter 446, Statutes of 2012**

This measure requires the California Healthy Food Financing Initiative Council to establish and maintain an Internet website to support access to healthy foods.

**SCR 47 (DeSaulnier). Health in All Policies. Resolutions Chapter 56, Statutes of 2012**

This measure requests that the Strategic Growth Council and other members of the Health in All Policies Task Force provide leadership on implementing the recommendations in the Health in All Policies Task Force Report and encourages interdepartmental collaboration.

### III. Employee Relations

#### *A. Retirement*

**\*AB 197 (Buchanan). Pension Reform Clean-up.**

**Chapter 297, Statutes of 2012**

This measure implements technical clean-up to the pension reform package adopted with AB 340 (Chapter 296, Statutes of 2012). See appendix A for a full summary of the measure and other related resources.

**\*AB 340 (Furutani). Pension Reform.**

**Chapter 296, Statutes of 2012**

This measure enacts comprehensive pension reform through the California Public Employees' Pension Reform Act of 2013 (PEPRA). See appendix A for a full summary of the measure and other related resources.

#### *B. California Public Employees' Retirement System*

**AB 2142 (Furutani). Public Employees' Health Benefits. Premiums.**

**Chapter 445, Statutes of 2012**

This measure authorizes CalPERS to implement risk adjustment procedures that adjust and redistribute premium payments across its health plans based on rules and regulations established by the CalPERS Board of Administration. This measure attempts to encourage CalPERS health plan providers to compete on the basis of medical and administrative efficiency and quality of care rather than on their ability to select risk.

**SB 955 (Pavley). Public Employees' Retirement. Pension Fund Management.**

**Chapter 760, Statutes of 2012**

This measure authorizes CalPERS and CalSTRS to prioritize investment of in-state infrastructure projects over alternative out-of-state projects if the investments are consistent with its fiduciary responsibility.

**SB 987 (Negrete McLeod). Public Employees' Retirement.**

**Chapter 833, Statutes of 2012**

This measure enacts the Senate Public Employment and Retirement Committee's yearly omnibus measure that makes various technical and non-controversial changes to the California Public Employees' Retirement Law.

### ***C. '37 Act System***

#### **AB 1519 (Wieckowski). County Employee Retirement Boards.**

##### **Chapter 15, Statutes of 2012**

This measure requires a County Employees' Retirement Law of 1937 ('37 Act) county retirement board to adopt a policy requiring board members to receive a minimum of 24 hours of "board member education" for every two-year period they serve on the board. The measure specifies what the policy must include, requires that each board maintain a record of compliance, and that the policy and annual report of compliance be posted on the retirement system's website.

#### **AB 2664 (Public Employees, Retirement and Social Security Committee). County Employees Retirement. Electronic Signatures.**

##### **Chapter 59, Statutes of 2012**

This measure authorizes retirement boards of '37 Act Retirement Systems to adopt regulations allowing for the use and acceptance of a member's electronic signature as specified. This measure establishes the County Retirement System Dental Care Program (Program) to provide dental care benefits to county and district employees, their survivors, and eligible dependents of '37 Act Retirement Systems that elect to offer the Program. Retirees are responsible for the full cost of the dental care premium. Counties electing to participate may contract with a third party administrator to provide the dental care. The Program may be revised or discontinued at any time.

#### **SB 996 (Public Employment and Retirement Committee). County Employees Retirement Law of 1937. Heart Trouble Presumption.**

##### **Chapter 792, Statutes of 2012**

This measure clarifies existing law and makes the statutory language regarding the heart presumption consistent with other presumptions within the '37 Act.

#### **SB 1382 (Negrete McLeod). County Employees' Retirement. Retiree Organization.**

##### **Chapter 178, Statutes of 2012**

This measure clarifies, in the '37 Act, terminology related to recognized retiree organizations, the items that a retiree under that system may have deducted from his or her pay warrant, and the nature and extent of assistance provided to the recognized retiree organization by the retirement system with regard to mailings to the retiree organization's members.

## ***D. Personnel***

### **AB 1654 (Cook). Public Employment. Disqualification from Employment. Chapter 54, Statutes of 2012**

This measure disqualifies from public employment for five years any public employee that is convicted of any felony involving accepting or giving, or offering to give, any bribe, the embezzlement of public money, extortion or theft of public money, perjury, or conspiracy to commit any of those crimes arising directly out of his or her official duties as a public employee. This includes employment with a city, county, district, or any other public entity in the state. This measure specifies when the period of five years begins.

### **\*AB 1844 (Campos). Employer Use of Social Media. Chapter 618, Statutes of 2012**

This measure prohibits an employer from requiring or requesting an employee or applicant for employment to do any of the following:

- Disclose a username or password for the purpose of accessing personal social media;
- Access personal social media in the presence of the employer; or
- Divulge any personal media, except as provided.

Employers maintain their existing rights and obligations to request an employee to divulge personal social media reasonably believed to be relevant to an investigation of allegations of employee misconduct or employee violation of applicable laws and regulations. Employers maintain the authority to request an employee to disclose a username, password, or other method for the purpose of accessing an employer-issued device.

This measure also provides that an employer cannot discharge, discipline, threaten to discharge or discipline or otherwise retaliate against an employee or applicant for not complying with a request or demand that violates this section. Social media is defined as an electronic service or account, or electronic content, including, but not limited to, videos, still photographs, blogs, video blogs, podcasts, instant and text messages, email, online services or accounts, or Internet website profiles or locations.

### **\*AB 1964 (Yamada). Discrimination in Employment. Reasonable Accommodations. Chapter 287, Statutes of 2012**

This measure expands the definition of “religious creed” in the Fair Employment and Housing Act (FEHA) to include religious dress or grooming practices as defined in the measure and provides that a reasonable accommodation for an individual’s dress or grooming practice is not reasonable if it requires segregation of the individual from employees or the public. This measure also provides that an accommodation for religious belief, observance, or dress or grooming practices is not required if it would result in a violation of any other law prohibiting discrimination or protecting civil rights.

**AB 2343 (Torres). Criminal History Information.****Chapter 256, Statutes of 2012**

This measure clarifies that when the DOJ furnishes criminal history information to authorized agencies for the purposes of fulfilling employment, certifications or licensing it must be used for that purpose. This measure requires a copy of the information to be supplied to the applicant if it is used as the basis for adverse employment, certification or licensing decisions. It expands the scope of information that can be provided in subsequent arrest records for any applicant whose fingerprints are maintained on file or with the Federal Bureau of Investigation (FBI). Subsequent arrest records must also be furnished to the applicant if they are the basis of adverse action.

**AB 2386 (Allen). Employment and Housing Discrimination. Sex. Breastfeeding.****Chapter 701, Statutes of 2012**

This measure adds breastfeeding to the definition of “sex,” which is a protected characteristic under the Fair Employment and Housing Act (FEHA). This measure is intended to provide protection from employment discrimination for breastfeeding or medical conditions related to breastfeeding.

**AJR 47 (Block). Compensation. Gender Pay Equity.****Resolutions Chapter 145, Statutes of 2012**

This resolution urges Congress to reintroduce and adopt the Paycheck Fairness Act to help close the gender wage gap.

**SB 1339 (Yee). Commute Benefit Policies.****Chapter 871, Statutes of 2012**

This measure authorizes, until Jan. 1, 2017, a pilot program in the San Francisco Bay Area that allows the Metropolitan Transportation Commission and the Bay Area Air Quality Management District to jointly adopt an ordinance requiring covered employers within a specified area to provide certain commute benefits with the goal of reducing single-occupant vehicle trips. The measure defines covered employer as any employer for which an average of 50 or more employees per week perform work for compensation within the area where the ordinance adopted operates.

**SJR 30 (Hancock). Social Security. Retirement Benefits. Public Employees.****Resolutions Chapter 126, Statutes of 2012**

This resolution requests that the President and the Congress of the United States enact the Social Security Fairness Act of 2011, which would repeal the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act. These two offsets reduce Social Security benefits, payable to persons who are entitled to benefits, under other public retirement systems.

## ***E. Labor Relations***

### **\*AB 1606 (Perea). Local Public Employee Organizations. Impasse Procedures. Chapter 314, Statutes of 2012**

This measure clarifies that mediation is not a prerequisite to fact-finding under the Meyers-Milias-Brown-Act (MMBA) and largely uses language from the regulations adopted by the PERB following the adopting of AB 646 (Chapter 680, Statutes of 2011).

More importantly, this measure clarifies that there is an outer time limit for when an employee organization can request fact-finding. Specifically, this measure states that in the event of an impasse with a local public agency, an employee organization that wishes to submit differences to a fact-finding panel can do so no sooner than 30 days and no later than 45 days following the appointment or selection of a mediator. In the event that an impasse is declared, but it is not submitted to mediation, AB 1606 allows an employee organization to submit differences to a fact-finding panel no later than 30 days.

Additionally, this measure provides that the procedural right of an employee organization to request a fact-finding panel cannot be expressly or voluntarily waived.

### **\*AB 2298 (Solario). Insurance. Public Safety Employees. Accidents. Chapter 823, Statutes of 2012**

This measure provides that in the event of loss or injury that occurs as a result of an accident during any time period when that private passenger motor vehicle is operated by an employee who is a peace officer or firefighter and is used by him or her at the request or direction of the employer in the performance of the employee's duty, the police officer or firefighter shall not be held liable. Instead, within 10 days of the accident, the public safety officer must report and provide to his or her private automobile insurer all documentation and information known to him or her related to the accident. The employer in these cases will be considered the owner of the vehicle for liability purposes and defense of the claim and any losses will be borne by the employer.

## ***F. Workers' Compensation***

### **\*SB 863 (de León). Workers' Compensation Reform. Chapter 363, Statutes of 2012**

This measure implements comprehensive workers' compensation reform. Please see Appendix A for a detailed summary of this measure.

### **SB 1105 (Lieu). Workers' Compensation. Liens. Chapter 712, Statutes of 2012**

This measure adds self-insured employee welfare benefit plans to the list of entities entitled to file a lien for the cost of living expense services provided to an injured worker. This measure specifically allows for the filing of a lien in cases where the plan has paid

the cost of living expenses for the same days that the temporary disability benefits are being awarded. This measure also defines self-insured employee welfare benefit plan as a plan, fund, or program established or maintained by an employer, employee organization, or both, where it provides benefits other than through insurance for hospital, medical or surgical expenses, or other benefits in the event of sickness, accident, or disability death, or unemployment.

## IV. Environmental Quality

### A. Air Resources Board and Climate Change

#### **AB 146 (Dickinson). State Air Resources Board. Membership.**

##### **Chapter 522, Statutes of 2012**

This measure increases the membership of the ARB from 11 to 12 and requires the additional member to be a board member from specific air districts in the Sacramento region (Sacramento, Placer, Yolo-Solano, Feather River, or El Dorado Air District).

#### **\*AB 1532 (J. Pérez). California Global Warming Solutions Act of 2006.**

##### **Greenhouse Gas Reduction Fund.**

##### **Chapter 807, Statutes of 2012**

This measure establishes the Greenhouse Gas Reduction Fund Investment Plan and Communities Revitalization Act (Act) to set procedures for the investment of regulatory fee revenues derived from the Cap-and-Trade Auction of GHG allowances. It also establishes the Greenhouse Gas Reduction (GHGR) Fund. The measure requires the DOF, on behalf of the Governor, and in consultation with the ARB (and any other relevant state entity), to develop and submit a three-year investment plan to the Legislature for the 2013-14 May Revise. Beginning in the 2016-17 Governor's Budget Proposal and every three years thereafter, DOF is required to include updates to the investment plan. Additionally, all moneys in the GHGR Fund must be appropriated through the annual Budget Act consistent with the investment plan. DOF is also required to submit an annual report to the Legislature on the status and outcomes of projects funded.

The measure requires the moneys from the GHGR Fund to be used to facilitate the achievement of reductions of GHG emissions in the state and, where applicable and to the extent feasible:

- Maximize economic, environmental, and public health benefits to the state;
- Foster job creation by promoting in-state GHG emissions reduction projects carried out by California workers and businesses;
- Complement efforts to improve air quality;
- Direct investment toward the most disadvantaged communities and households in the state (in coordination with SB 535 (Chapter 835, Statutes of 2012));
- Provide opportunities for businesses, public agencies, nonprofits, and other community institutions to participate in and benefit from statewide efforts to reduce GHG emissions; and
- Lessen the impacts and effects of climate change on the state's communities, economy, and environment.

Funding under this measure may be allocated for any of the following purposes:

- Reduction of GHG emissions through energy efficiency, clean and renewable energy generation, distributed renewable energy generation, transmission and storage, and other related actions, including at public universities, state and local public buildings, and industrial and manufacturing facilities;

- Reduction of GHG emissions through the development of state-of-the-art systems to move goods and freight, advanced technology vehicles and vehicle infrastructure, advanced biofuels, and low-carbon and efficient public transportation;
- Reduction of GHG emissions associated with water use and supply, land and natural resource conservation and management, forestry, and sustainable agriculture;
- Reduction of GHG emissions through strategic planning and development of sustainable infrastructure projects, including transportation and housing;
- Reduction of GHG emissions through increased in-state diversion of municipal solid waste from disposal through waste reduction, diversion, and reuse;
- Reduction of GHG emissions through investments in programs implemented by local and regional agencies, local and regional collaboratives, and nonprofit organizations coordinating with local governments; and
- Research, development, and deployment of innovative technologies, measures, and practices related to programs and projects funded by the GHGR Fund.

**\*SB 535 (de León). California Global Warming Solutions Act of 2006. Greenhouse Gas Reduction Fund.**

**Chapter 830, Statutes of 2012**

This measure, a companion piece to AB 1532 (Chapter 807, Statutes of 2012), requires a minimum of 25 percent of the proceeds of revenues deposited in the GHGR Fund to be allocated, upon appropriation by the Legislature, to benefit socioeconomically disadvantaged communities impacted by air pollution and climate change. A minimum of 10 percent must be set aside for projects within those disadvantaged communities. Additionally, the measure defines “most impacted and disadvantaged communities” as census blocks having the highest 10 percent of cumulative impacts in California as identified by the Office of Environmental Health Hazard Assessment (OEHHA), in a report no later than March 1, 2013.

**SB 1066 (Lieu). Coastal Resources. Climate Change.**

**Chapter 611, Statutes of 2012**

This measure authorizes the California Coastal Conservancy (Conservancy) to address the impacts and potential impacts of climate change on coastal resources and to award grants to public agencies and nonprofit organizations for this purpose. Under this measure, the Conservancy may award grants for coastal projects including those that reduce GHG emissions, address extreme weather events, sea level rise, storm surge, beach and bluff erosion, salt water intrusion, flooding, and other coastal hazards that threaten coastal communities, infrastructure and natural resources.

## ***B. California Environmental Quality Act (CEQA)***

### **AB 890 (Olsen). Environment. CEQA Exemption. Roadway Improvement. Chapter 528, Statutes of 2012**

This measure exempts from CEQA repair, maintenance, and minor alterations of existing roadways, provided the project is carried out by a city or county to improve public safety, does not cross a waterway, and involves negligible or no expansion of an existing use. The exemption sunsets Jan. 1, 2016.

### **AB 1665 (Galgiani). California Environmental Quality Act. Exemption. Railroad Crossings. Chapter 721, Statutes of 2012**

This measure provides that CEQA does not apply to the closure of a railroad grade crossing when the PUC finds the crossing presents a threat to public safety.

### **AB 2245 (Smyth). California Environmental Quality Act. Bikeway Exemption. Chapter 680, Statutes of 2012**

This measure exempts specific bike lane projects from CEQA until 2018. For bike lane projects to be eligible for the exemption, they must be a Class II bikeway undertaken by a city or county within an existing right-of-way, be in an urbanized area and consistent with a local bicycle transportation plan. In addition, the city or county will need to assess traffic and safety impacts and hold a public hearing to review the impacts.

### **AB 2564 (Ma). Environmental Quality. Pipelines. Project Applicants. Chapter 487, Statutes of 2012 (Urgency)**

This measure expands the application of an existing CEQA exemption for pipeline projects less than one mile in length relating to expedited safety enhancements.

### **AB 2669 (Natural Resources Committee). California Environmental Quality Act. Chapter 548, Statutes of 2012**

This measure repeals non-controversial obsolete and/or duplicative provisions from CEQA.

### **SB 972 (Simitian). Environmental Quality. California Environmental Quality Act. Chapter 218, Statutes of 2012**

This measure makes changes to CEQA with respect to noticing requirements for scoping meetings and notices of completion.

## ***C. Energy***

### **\*AB 1801 (Campos). Land Use. Fees.**

#### **Chapter 538, Statutes of 2012**

This measure prohibits a city or county from basing the calculation of a building permit fee for the installation of a rooftop solar energy system on the valuation of the system, or any other factor not directly associated with the cost to issue the permit, and requires the city or county to separately identify each fee assessed on the applicant for the installation of the system on the invoice provided to the applicant.

### **AB 1900 (Gatto). Renewable Energy Resources. Biomethane.**

#### **Chapter 602, Statutes of 2012**

This measure clarifies existing law with respect to the injection of biomethane into common carrier pipelines, including requiring the PUC to develop new gas safety standards for nonhazardous landfill gas and adopt policies and programs that promote the in-state production and distribution of biomethane.

### **AB 2196 (Chesbro). Renewable Energy Resources.**

#### **Chapter 605, Statutes of 2012**

This measure clarifies the definition of an “eligible renewable electrical generation facility” to include a facility that generates electricity from biomethane if the delivery of the fuel can be verified by the CEC. Additionally, the eligible renewable electrical generation facility will also count as full eligible generation for purposes of complying with the Renewable Portfolio Standard (RPS). Finally, the measure clarifies that biomethane contracts executed and reported to the PUC or the CEC before March 29, 2012, count as full, eligible generation for purposes of complying with the RPS.

### **AB 2227 (Bradford). Local Publicly Owned Electric Utilities. California Energy Commission.**

#### **Chapter 606, Statutes of 2012**

This measure revises and recasts reporting requirements for reports to the CEC applicable to publicly owned electric utilities.

### **AB 2339 (Williams). Energy. Geothermal Heat Pump.**

#### **Chapter 608, Statutes of 2012**

This measure requires the CEC, in consultation with the PUC, the ARB, cities, counties, special districts, and other stakeholders, to evaluate policies to overcome barriers to the use of geothermal heat technology by July 1, 2013.

### **\*AB 2249 (Buchanan). Solar Water Heating and Efficiency Act of 2007.**

#### **Chapter 607, Statutes of 2012**

This measure expands the definition of a solar water heating system under the California Solar Initiative (CSI) Thermal Program to make non-residential solar pool heating systems eligible to receive installment incentives as part of the existing CSI Thermal Program.

**SB 594 (Wolk). Energy. Net Energy Metering.****Chapter 610, Statutes of 2012**

This measure allows an electric utility customer to aggregate their electricity usage on multiple meters to establish the maximum project size for renewable generation and fuel cells allowed under net energy metering, if the properties are solely owned, leased, or rented by the eligible customer-generator. The measure conditions the new net energy metering allowance on the PUC making a determination by March 1, 2013, that the permitting aggregation from multiple meters will not result in an increase in the expected revenue obligations from non-net metering customers.

**\*SB 1207 (Fuller). CARE Program.****Chapter 613, Statutes of 2012**

This measure authorizes Investor Owned Utilities (IOUs) to take certain actions regarding participants in the California Alternative Rates for Energy (CARE) program whose usage exceeds 600 percent of baseline usage in any billing months. This is a helpful step for many communities in identifying illegal drug manufacturing.

**\*SB 1222 (Leno). Solar Energy. Permit Fees.****Chapter 614, Statutes of 2012**

This measure places a statutory cap on building permit fees for residential solar roof top systems of \$500 (plus \$15 per kilowatt for each kilowatt above 15 kilowatt) as well as caps commercial rooftop solar system fees at \$1,000 for systems up to 50 kilowatt (plus \$7 per kilowatt for each kilowatt between 51 kilowatt and 250 kilowatt, plus \$5 per kilowatt for each kilowatt above 250 kilowatt). In addition, the measure requires local agencies charging above \$500 in permit fees to justify their "reasonable costs" in a finding and ordinance. The measure also contains legislative intent that a local agency that complies with the requirements in the measure will receive priority access to state funds for purposes of distributed energy generation planning, permitting, training, or implementation. The measure sunsets Jan. 1, 2018.

**SB 1268 (Pavley). Energy Conservation Assistance.****Chapter 615, Statutes of 2012**

This measure extends the sunset date for the Energy Conservation Assistance Account to January 2018 and the Local Jurisdiction Energy Assistance Account to January 2016. Both accounts, within the CEC, provide grants and loans to local government to make improvements that reduce energy use, including energy efficiency and renewable energy.

**SB 1332 (Negrete McLeod). Renewable Energy Resources. Electric Utilities.****Chapter 616, Statutes of 2012**

This measure modifies current law with regard to Feed-in-Tariff (FIT) contracts offered by publicly owned utilities, as well as requires that publicly owned utilities implement their FIT program no later than July 1, 2013.

## ***D. Hazardous Waste***

### **AB 1566 (Wieckowski). Aboveground Storage Tanks. Enforcement.**

#### **Chapter 532, Statutes of 2012**

This measure makes clarifying changes to the Aboveground Petroleum Storage Act (APSA) including expanding the definition of “aboveground storage tank” to include a tank in an underground area as well as requires the Office of the State Fire Marshal to adopt regulations and guidance and oversight to Unified Program Managers implementing the APSA.

### **AB 1620 (Wieckowski). Hazardous Waste. Contained Gaseous Material.**

#### **Chapter 190, Statutes of 2012**

This measure exempts certain very low risk hazardous waste management activities from being regulated as treatment if the activity is conducted onsite or at the facility that has obtained a hazardous waste storage permit.

### **AB 1701 (Wieckowski). Underground Storage Tanks. Local Agencies.**

#### **Chapter 536, Statutes of 2012**

This measure provides for the state certification of cities and counties to oversee the clean-up of Underground Storage Tanks.

### **AB 1715 (Smyth). Underground Storage Tanks.**

#### **Chapter 237, Statutes of 2012**

This measure establishes new requirements for the State Water Resources Control Board (SWRCB) for review, reporting and enforcing the closure of underground storage tank clean-ups.

## ***E. Solid Waste***

### **AB 480 (Solorio). Insurance. Solid Waste Facilities.**

#### **Chapter 713, Statutes of 2012**

This measure requires CalRecycle to accept the use of a captive insurer for up to 50 percent of the financial assurance required of an operator of a solid waste landfill.

### **AB 549 (Carter). Recycling. Electronic Waste.**

#### **Chapter 523, Statutes of 2012**

This measure makes various changes to the Electronic Waste Recycling Act to strengthen fraud prevention and audit functions within CalRecycle.

### **AB 845 (Ma). Solid Waste. Place of Origin.**

#### **Chapter 526, Statutes of 2012**

This measure prohibits an ordinance enacted by a city or county, or enacted by initiative by the voters of a city or county, from otherwise restricting or limiting the importation of solid waste into a privately owned solid waste facility in that city or county based on place of origin.

**AB 1647 (Gordon). Solid Waste. Waste Tires. Enforcement.****Chapter 534, Statutes of 2012**

This measure revises and strengthens the hearing and enforcement process for waste tire facility and waste tire hauling violations.

**AB 1933 (Gordon). Beverage Containers. Enforcement.****Chapter 540, Statutes of 2012 (Urgency)**

This measure temporarily freezes the level of payments to handling fee recipients as well as strengthens tracking provisions for beverage containers brought into California as part of an effort to decrease fraud within the Beverage Container Recycling and Litter Reduction Program.

**\*SB 1219 (Wolk). Plastic Bags.****Chapter 384, Statutes of 2012**

This measure extends the existing "At-Store Recycling Program" (AB 2449, Chapter 845, Statutes of 2006) for plastic bags to Jan. 1, 2020, and repeals a preemption prohibiting local governments from implementing separate plastic bag recycling programs, additional auditing or reporting requirements, or from imposing a fee on plastic bags.

## ***F. Water***

**AB 685 (Eng). State Water Policy.****Chapter 524, Statutes of 2012**

This measure declares that it is the policy of the state that every human being has the right to clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes and that relevant state agencies shall consider this state policy when revising, adopting, or establishing policies, regulations and grant criteria pertinent to the human uses of water.

**AB 1422 (Perea). Safe, Clean, and Reliable Drinking Water Supply Act of 2012.****Submission to Voters.****Chapter 74, Statutes of 2012 (Urgency)**

This measure moves the Safe, Clean, and Reliable Drinking Water Supply Act, which would provide \$11.14 billion in general obligation bonds, from the November 2012 general election to the November 2014 general election.

**AB 1750 (Solorio). Rainwater Capture Act of 2012.****Chapter 537, Statutes of 2012**

This measure authorizes licensed landscape contractors to install a rainwater capture system as well as specifies that rainwater collected from rooftops does not require a water rights permit.

**\*AB 1965 (Pan). Land Use.****Chapter 554, Statutes of 2012**

This measure makes minor revisions to SB 1278 (Chapter 553, Statutes of 2012) related to planning and zoning for flood protection in the Sacramento-San Joaquin Valley.

**AB 2443 (Williams). Vessels. Registration Fee. Quagga and Zebra Mussel Infestation Prevention Program.****Chapter 485, Statutes of 2012**

This measure establishes a dedicated fee on vessels to fund the administration of a dreissenid mussel monitoring, inspection and eradication program.

**SB 200 (Wolk). Delta Levee Maintenance.****Chapter 549, Statutes of 2012**

This measure extends the current cost share reimbursement for Delta levees to July 1, 2018. Until 2018, the measure allows the DWR to reimburse up to 75 percent of the costs in excess of \$1,000 per mile that are incurred in any year for Delta levee maintenance, and requires that reimbursements be consistent with the long-term management plan for the Sacramento-San Joaquin Delta adopted and implemented by the Delta Stewardship Council.

**\*SB 1278 (Wolk). Planning and Zoning. Flood Protection. Sacramento-San Joaquin Valley.****Chapter 553, Statutes of 2012**

This measure revises the flood hazard planning and development requirement for those cities and counties located within the Sacramento-San Joaquin Valley required to meet 200-year flood standards.

**SB 1386 (A. Lowenthal). Municipal Water Districts. Water Storage.****Chapter 215, Statutes of 2012**

This measure removes barriers to groundwater storage in the Central Basin by clarifying existing law concerning the management of groundwater.

## ***G. Water Quality***

**AB 2567 (Carter). Sewer Collection Agency. Schedule of Fees.****Chapter 103, Statutes of 2012**

This measure allows an agency providing wastewater service to adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water, sewage treatment, or wastewater treatment or adjustments for inflation, if they comply with specific actions outlined in the measure.

**\*SB 965 (Wright). State and Local Government.****Chapter 551, Statutes of 2012**

This measure revises the rules of *ex parte* communication for members of the State and Regional Water Quality Control Boards (Water Boards) and defines *ex parte* communications and relevant parties to the proceedings. The measure allows *ex parte* communications if a contact is initiated by an “interested person” and directed to a State or Regional Water Board member regarding a waste discharge requirement; conditions of water quality certification; and specific conditional waivers of waste discharge requirements. Additionally, the measure requires a notice of the *ex parte* communication to be provided to the Water Board record within seven days of the communication and requires the Water Board to place in the public record any report of an *ex parte* communication involving that board.

Finally, the measure authorizes a Water Board to prohibit *ex parte* communications for a period beginning not more than 14 days before the day of a board meeting at which the decision in the proceeding is scheduled for board action.

**H. State Parks****\*SB 1018 (Budget and Fiscal Review Committee). Resources.****Chapter 39, Statutes of 2012**

This measure makes various changes in the resources and environmental protection subject areas. Of interest to cities are the following provisions:

- Establishes a new Greenhouse Gas Reduction Fund that will contain all funds collected by a Cap-and-Trade auction or sale of allowances (from an auction) which will be available for appropriation by the Legislature. Requires that all moneys in the new fund be separately identified in the annual Budget Act. Requires the DOF to submit to the Legislature by Jan. 10, 2013 a proposal for a spending plan for the funds, unless a bill is passed by the Legislature before Aug. 31, 2012 that provides a process for a long-term spending strategy;
- Makes four substantial changes to Regional Water Quality Control Boards (RWQCB):
  - Reduces the number of RWQCB members from nine to seven;
  - Removes the associational seats and instead says that the Governor shall approve all seven members of the board as follows:
    - Six members of the board shall be appointed “on the basis of his or her demonstrated interest or proven ability in the field of water quality, including water pollution control, water resource management, water use, or water protection. The Governor shall consider appointments in the public and non-public sectors. In regard to appointments from the non-public sectors, the Governor shall consider including members from key economic sectors in a given region, such as agriculture, industry, commercial activities, forestry, and fisheries. One member shall be appointed as a public member who is not required to meet the terms described above.

- Members shall be appointed on the basis of his or her ability to substantially attend all meetings and shall be representative of the region;
- Modifies the current income restrictions to say that a person shall not be disqualified from being a member of a RWQCB because that person receives, or has received during the previous two years, a significant portion of his or her income directly or indirectly from a person subject to waste discharge requirements, or an applicant for waste discharge requirements, that are issued by the state board or RWQCB other than the board of which the person is a member; and
- Adds new “conflict of interest” language for RWQCB members substantially similar to that of other state boards and commissions.
- Provides additional funding to state parks in an effort to avoid park closures.

## V. Housing, Community and Economic Development

### *A. Economic Development Programs/Infrastructure Financing*

**\*AB 232 (V.M. Pérez). Community Development Block Grant Program. Funds. Chapter 386, Statutes of 2012**

This measure, with regards to the Community Development Block Grant (CDBG) Program, eliminates the dollar-per-job test in state law and instead relies on the two-pronged federal dollar-per-job test. This bill also deletes the requirement that HCD use benefit to low- and moderate-income persons as a scoring factor in ranking applications.

**AB 342 (Atkins). Office of Planning and Research. Chapter 395, Statutes of 2012**

This measure requires the Office of Planning and Research to serve as the state's liaison to the United States Department of Defense in order to facilitate coordination regarding issues that are of significant interest to the state and department.

**\*AB 1585 (J. Pérez). Community Development. Chapter 777, Statutes of 2012**

This measure clarifies that the provisions of the Community Redevelopment Law governing administrative and planning costs for the Low and Moderate Income Housing Fund shall apply to any funds retained by a housing successor agency that assumes the responsibilities of a former redevelopment agency. This bill also appropriates \$50 million in disencumbered funds to the Infill Incentive Account and the Transit-Oriented Development Implementation Fund created by the Housing and Emergency Shelter Trust Fund Act of 2006.

**AB 1612 (Lara). Administrative Practices. Chapter 471, Statutes of 2012**

This measure requires regulations under the Administrative Procedure Act to include in the initial statement of reasons the estimated cost of compliance, the potential benefits of the regulation and the related assumptions used in determining that estimate if a regulation that is a building standard impacts housing.

**\*AB 1672 (Torres). Housing-Related Parks Program. Chapter 779, Statutes of 2012**

This measure modifies the requirements in the Housing-Related Parks Program so that grants are based on the issuance of building permits as opposed to housing starts. The bill also allows for additional bonus funds for jurisdictions that use the grant money for disadvantaged communities or park deficient communities.

**AB 1699 (Torres). Affordable Housing. Chapter 780, Statutes of 2012**

This measure authorizes HCD to refinance and restructure older loans made through affordable, rental housing programs.

**AB 1951 (Atkins). Housing Bonds.****Chapter 784, Statutes of 2012**

This measure eliminates two programs (the Practitioner Fund and the Construction Liability Insurance Reform Pilot Program) within the Affordable Housing Innovation Fund, established by Prop. 1C and transfers \$30 million in bond funds to the Multifamily Housing Program. The bill further requires HCD to issue a notice of funding availability for the funds and grant bonus points to developments serving persons with disabilities.

**AB 1953 (Ammiano). Rental Housing. Tenant Notice.****Chapter 695, Statutes of 2012**

This measure prevents a successor manager from evicting a tenant for nonpayment of rent that accrued during the period in which the owner or manager was out of compliance with the requirement to provide specified contact information.

**AB 2012 (J. Pérez). Economic Development.****Chapter 294, Statutes of 2012 (Urgency)**

This measure transfers the International Trade and Investment Program from the Business, Transportation and Housing Agency to the Governor's Office of Business and Economic Development (GO-Biz). The bill also designates GO-Biz as the state agency primarily responsible for international trade and investment activities in the state.

**AB 2026 (Fuentes). Income Tax Credits. Motion Pictures.****Chapter 841, Statutes of 2012 (Urgency)**

This measure extends the duration of the existing tax credit for qualified motion pictures by two years to July 1, 2017. In addition, this measure requires recipients to supply a list of other states and provinces which they have filed in in the preceding calendar year. Requires the Legislative Analyst to prepare a report on the effectiveness of this tax credit program by Jan. 1, 2016.

**AB 2671 (Jobs, Economic Development, and the Economy Committee). Small Business Financial Development Corporations. Loans and Loan Guarantees.****Chapter 648, Statutes of 2012**

This measure extends the sunset date on the requirement that at least 20 percent of the total amount of all outstanding loan guarantees be set aside in the California Expansion Fund for the purpose of paying potential defaults under the Small Business Loan Guarantee Program from Jan. 1, 2013 to Jan. 1, 2018.

**AJR 23 (J. Pérez). Economic Development.****Resolutions Chapter 1, Statutes of 2012**

This resolution urges the United States Patent and Trademark Office to place a satellite office in California.

**AJR 46 (Block). Military Spending. San Diego.**  
**Resolutions Chapter 144, Statutes of 2012**

This resolution supports the advocacy efforts of “Operation San Diego” to promote to Congress and the president the importance of military spending in the San Diego region and its impact on the economy and to advocate the importance of maintaining strong, continued military spending in the San Diego region.

**SB 1099 (Wright). Regulations.**  
**Chapter 295, Statutes of 2012**

This measure requires the Office of Administrative Law (OAL), when filing a state agency’s regulation with the SOS, to post the regulation on the Internet website within 15 days and for at least six months. The bill also requires the state agency to send OAL the website link of each regulation that the agency posts on its website. Finally, this bill provides that unless the effective date is specifically provided, a regulation or an order of repeal shall become effective on a quarterly basis.

**SB 1116 (Leno). California Pollution Control Financing Authority. Loans.**  
**Chapter 274, Statutes of 2012**

This bill decreases, until April 1, 2017, the minimum fee required of borrowers who participate in the Capital Access Loan Program from two to one percent of principal, and increases from 10 to 15 days the time period to enroll a qualified loan in the program.

**\*SB 1186 (Steinberg). Disability Access.**  
**Chapter 383, Statutes of 2012 (Urgency)**

This measure seeks to increase compliance with the state’s disability access laws while reducing unwarranted litigation by:

- Prohibiting demand letters from including a request for money;
- Reducing a defendant’s liability for statutory damages if certain conditions are met;
- Permitting a defendant to file for a court stay and early evaluation conference under specified conditions;
- Requiring commercial property owners to indicate on a lease or rental agreement whether the property has undergone inspection by a certified access specialist; and
- Requiring cities and counties to collect a \$1 fee on an applicant for a local business license and dividing that money between the local entity collecting the money (70 percent) and the state (30 percent).

**SB 1327 (Canella). Small Business. State Licensing Information.**  
**Chapter 763, Statutes of 2012**

This measure requires GO-Biz to maintain updated and user-friendly information on state licensing, registration and permitting requirements on its website.

**SB 1510 (Wright). Contracts.****Chapter 421, Statutes of 2012**

This measure modifies the definition of a “commercially useful function” with regards to the Small Business Procurement and Contract Act to include additional conditions under which a certified small business or microbusiness is deemed to perform a commercially useful function.

**SJR 19 (Strickland). Military Base Closures.****Resolutions Chapter 95, Statutes of 2012**

This resolution urges the California delegates of Congress to protect California military bases from closure during upcoming base realignment and closure processes.

**SJR 26 (Vargas). The Naval Air Facility El Centro.****Resolutions Chapter 107, Statutes of 2012**

This resolution urges the California delegates of Congress to protect the Naval Air Facility El Centro during any upcoming base realignment and closure processes.

***B. Land Use, Planning and Annexation*****AB 441 (Monning). Transportation Planning.****Chapter 365, Statutes of 2012**

This measure requires the CTC to attach a summary of policies, practices, or projects that have been used by metropolitan planning organizations that promote health and health equity to the commission’s next revision of the regional transportation planning guidelines.

**AB 511 (Yamada). Aeronautics. Meteorological Towers.****Chapter 182, Statutes of 2012**

This measure requires meteorological towers between 50 and 200 feet in height located on or within one mile of prime agricultural land and erected after Jan. 1, 2013, to be marked.

**\*AB 1616 (Gatto). Food Safety. Cottage Food Operations.****Chapter 415, Statutes of 2012**

This measure authorizes the production and sale of certain foods prepared in a home kitchen by specifying that a city or a county cannot prohibit a cottage food industry but must either classify the food operation as a permitted use of residential property for zoning purposes or grant a nondiscretionary permit to use a residence for any cottage food operation that complies with local ordinances prescribing reasonable standards, restrictions and requirements.

**AB 1927 (Jones). Easements. Maintenance. Arbitration.****Chapter 244, Statutes of 2012**

This measure authorizes the owner of a right-of-way easement to seek a judgment from a small claims court or a superior court to determine the proportionate liability of each owner for maintenance costs.

**AB 1966 (Ma). Natural Resources. Oil and Gas. Drilling.****Chapter 542, Statutes of 2012**

This measure requires the owner of mineral rights in real property to give the surface owner and any public utility that has a recorded interest in the real property, up to five days of notice for non-surface-disrupting activities and 30 days of notice for surface-disrupting activities prior to the first entry upon the property.

**AB 2082 (Atkins). Public Lands. State Lands Commission. Violations.****Chapter 247, Statutes of 2012**

This measure prohibits a person from constructing, placing, maintaining, owning, using, or possessing a structure or facility on land under the State Lands Commission's jurisdiction and owned by the state, without first obtaining all necessary easements, leases or permits.

**AB 2169 (Chesbro). Property Acquisition Law. Conservation Easements.****Chapter 252, Statutes of 2012**

This measure exempts the acquisition of a conservation easement made pursuant to the California Forest Legacy Program Act from the requirement that all real property be acquired for state agencies by the State Public Works Board and authorizes the Wildlife Conservation Board to acquire conservation easements on behalf of the Department of Forestry and Fire Protection.

**\*AB 2308 (Torres). Land Use. Housing Element. Regional Housing Need.****Chapter 58, Statutes of 2012**

This measure authorizes cities or counties to reduce its share of the regional housing need by the number of units built between the start of the projection period and the deadline for adoption of the housing element.

**AB 2509 (Nielsen). Surface Mining and Reclamation Plans. Exempted Activities.****Chapter 177, Statutes of 2012**

This measure exempts activities related to the immediate restoration of lands affected by a natural disaster or flood from the Surface Mining and Reclamation Act without being subject to existing regulatory restrictions on the amount of mineral materials that can be exported for commercial purposes.

**AB 2620 (Achadjian). Tidelands and Submerged Lands. Granted Public Trust Lands.****Chapter 206, Statutes of 2012**

This measure confers the powers of the State Lands Commission to lease or grant the rights or privileges of trust lands to a local trustee and expands the definition of a local trustee to include a county, city, or district, including a water, sanitary, regional park, port, or harbor district, or any other local, political, or corporate subdivision that has been granted, conveyed, or transferred by statute, public trust lands through a legislative grant.

**AB 2654 (Morrell). Mining Liens. Definitions.****Chapter 263, Statutes of 2012 (Urgency)**

This measure clarifies the definition of “mine” under the mining lien statute to mean a mining claim or real property worked on as a mine, including, but not limited to, any quarry or pit, from which rock, gravel, or any other mineral-containing property is being extracted by any mining, or surface mining operation. The bill also declares the legislative intent to supersede the holding of the Fourth District Court of Appeal in *Sukut Construction, Inc. v. Rimrock CA, LLC* (2011) 199 Cal.App.4<sup>th</sup> 817.

**\*AB 2698 (Local Government Committee). Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.****Chapter 62, Statutes of 2012**

This measure makes several changes with regards to LAFCO powers and duties including clarifying that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of registered voters with the affected territory are opposed to the annexation. In addition, this bill clarifies that 1) commissions determine spheres of influence for each city and special district, not for all governmental agencies, and 2) voter approval is required for a change of organization or reorganization that consists of an incorporation or disincorporation that consists of a dissolution of a district, a consolidation of two or more districts, certain types of reorganizations, and the merger or establishment of a subsidiary district.

**SB 143 (Rubio). Surface Mining. Idle Mines.****Chapter 324, Statutes of 2012**

This measure limits the renewal of an idle surface mining operations Interim Management Plan to one additional five-year renewal period at the expiration of the first five-year renewal as opposed unlimited five-year renewals at the expiration of each five-year period.

**SB 1090 (Governance and Finance Committee). Local Government. Omnibus Bill. Chapter 330, Statutes of 2012**

This measure is the Senate Governance and Finance Committee's yearly omnibus bill, which makes numerous technical and or non-controversial changes to existing law. Of importance to cities, the measure:

- Clarifies that the update of a land use element required by cities to plan for disadvantaged unincorporated communities in their sphere of influence is to be based upon available data;
- Makes a technical change to the statute indicating that the copies of the complete text of a charter proposal or of any amended or repealed section ratified by the voters of a city, or city and county, submitted to the county recorder are recorded not filed, and that copies submitted to the city archives are filed not recorded;
- Deletes archaic majority voter approval language and inserts cross-references to voter approval requirements for special taxes into a statute authorizing cities to impose charges for sidewalk installation; and
- Allows local governments that levy benefits assessments under the Benefit Assessment Act of 1982 to use validation suits to confirm their actions.

**SB 1094 (Kehoe). Land Use. Mitigation Lands. Nonprofit Organizations. Chapter 705, Statutes of 2012 (Urgency)**

This measure allows certain community foundations and congressionally chartered foundations to hold endowments as well as expands the conditions that the endowment holders must abide.

**\*SB 1241 (Kehoe). Land Use. General Plan. Safety Element. Fire Hazard Impacts. Chapter 311, Statutes of 2012**

This measure requires each city and county to address fire risk in state responsibility areas and very high-fire hazard severity zones in the safety element of a general plan upon the next revision of the housing element on or after Jan. 1, 2014. The bill also requires cities and counties to make certain findings regarding available fire protection and suppression services before approving a tentative map or parcel map.

**SB 1249 (Wolk). Department of Fish and Game. Lands. Expenditures. Chapter 597, Statutes of 2012**

This measure authorizes the Department of Fish and Game to enter into contracts with nonprofit conservation groups for the management and operation of department lands beginning Jan. 1, 2015, requires fees for the use of department-managed lands, and requires the expenditures of Fish and Game penalty revenues be used for fish and wildlife purposes.

**SB 1266 (Corbett). Resource Conservation Lands. Appraisal Process. Chapter 394, Statutes of 2012**

This measure expands the scope of proposed state resource land acquisitions for which an independent appraisal is required and specifies requirements for what must be included in an appraisal report.

**SB 1501 (Kehoe). Open-Space Easements.****Chapter 875, Statutes of 2012**

This measure makes changes to the Open Space Easement Act so that easement recordings are consistent with County Recorder practices.

**SB 1541 (La Malfa). Timber Harvesting Plans.****Chapter 312, Statutes of 2012**

This measure removes the sunset date from the Forest Fire Prevention Exemption to allow limited timber harvesting to reduce the rate of fire spread, duration and intensity, fuel ignitability, or ignition of tree crowns.

***C. Landlord/Tenant*****AB 1124 (Skinner). Landlord and Tenant.****Chapter 600, Statutes of 2012**

This measure clarifies that the requirement for buildings to maintain certain characteristics in order to be tenable not be interpreted to prohibit a tenant or owner from qualifying for energy savings assistance programs for repair or replacement of heating or hot water systems.

**AB 1679 (Bonilla). Landlord-Tenant Relations. Security Deposits.****Chapter 557, Statutes of 2012**

This measure authorizes landlords and tenants to mutually agree to have a security deposit returned to the tenant by electronic transfer and the statement itemizing deductions to be sent by electronic mail.

**AB 1865 (Alejo). Residential Tenancies. Eviction. Notices.****Chapter 241, Statutes of 2012**

This measure requires the mandatory court notice sent to each defendant in an unlawful detainer action relating to eviction cases to contain the name and number of the county bar association, the name and telephone number of any entity that requests inclusion on the notice and demonstrates certain qualifications, and the telephone number and website address of the State Bar.

**AB 2521 (Blumenfield). Landlord and Tenant. Personal Property Remaining on Premises After Termination of Tenancy.****Chapter 560, Statutes of 2012**

This measure revises the procedures for the disposition of private property left behind by former tenants by:

- Increasing the minimum value of property that a landlord must offer at a public sale;
- Authorizing the landlord to send an email describing the property left;
- Requiring the landlord to inform the tenant of the right to recover abandoned property; and

- Requiring the landlord to release the property to the tenant without the cost of storage if the property remained in the dwelling and it is reclaimed within two days of vacating the dwelling.

**AB 2610 (Skinner). Tenants. Foreclosure and Unlawful Detainer.**

**Chapter 562, Statutes of 2012**

This measure requires 90 days' notice for tenants of a month-to-month lease for a foreclosed property, authorizes leasing tenants of a foreclosed property to have the right to stay in the property until the end of the lease term except under specified conditions, extends the sunset date of the provisions in this bill from Jan. 1, 2013 to Jan. 1, 2019, and allows a tenant of a property to file a prejudgment claim of right of possession at any time before judgment.

**SB 1055 (Lieu). Landlord and Tenant. Payments.**

**Chapter 268, Statutes of 2012**

This measure prohibits landlords from requiring cash as the exclusive payment of rent or a security deposit and requires any landlord that offers the option of paying rent or a security deposit online to also accept other forms of payment for any lease or rental agreement.

**SB 1229 (Pavley). Real Property. Rentals. Animals.**

**Chapter 596, Statutes of 2012**

This measure prohibits a landlord that allows occupants to have animals on the premises from advertising the property in a way that discourages applicants from applying if their animal is not declawed or devocalized, refusing to allow occupancy because an animal is not declawed or devocalized, or requiring a tenant to declaw or devocalize an animal. The measure also authorizes a city, district attorney, or other law enforcement prosecutorial entity to enforce the provisions and sue for declaratory relief of \$1,000 per violation.

**SB 1394 (A. Lowenthal). Dwelling Safety. Carbon Monoxide and Smoke Detectors.**

**Chapter 420, Statutes of 2012**

This measure makes a number of changes to carbon monoxide and smoke detector placement requirements in residential buildings as well as the standards for the devices to be established by the Office of the State Fire Marshal and other state agencies.

Specifically this measure:

- Prohibits a permit issuer from signing off on the completion of work on alterations, repairs, or additions exceeding \$1,000 to units approved for human dwelling until the permittee demonstrates that all smoke alarms required for the dwelling are approved and listed by the State Fire Marshal;
- Deletes the requirement that a smoke detector be installed in the common stairwells of apartment complexes and other multiple-dwelling complexes;
- Requires, commencing Jan. 1, 2014, owners of single-family dwellings that are rented or leased to be responsible for testing and maintaining smoke alarms, as specified;

- Requires an owner of a multifamily rental, at the time a new tenancy is created, to ensure that smoke alarms are operable and located in compliance with current building code standards;
- Requires, on or before Jan. 1, 2016, the owner of a dwelling unit intended for human occupancy in which one or more units is rented or leased to install additional smoke alarms, as needed, to ensure that smoke alarms are located in compliance with current building standards and specifies that existing alarms need not be replaced unless the alarm is inoperable;
- Delays the date by which an owner must install a carbon monoxide device in an existing hotel and motel unit from Jan. 1, 2013, to Jan. 1, 2016;
- Requires HCD, on or before July 1, 2014, to submit to the California Building Standards Commission for adoption building standards for the installation of carbon monoxide detectors in hotel and motel units. In developing these standards, HCD must convene and consult a stakeholder group and review and consider the most current national standards available related to the installation of carbon monoxide detectors; and
- Makes various changes to the types of smoke detector and carbon monoxide detector approved devices by the Office of State Fire Marshall related to manufacturer information, “hush” features, and battery life minimums.

#### ***D. Local Government – General***

**\*AB 1642 (Gordon). County Recorder. Recordation of Documents.  
Chapter 94, Statutes of 2012**

This measure clarifies a county recorder’s ability to record documents authorized or required by local ordinance.

#### ***E. Miscellaneous Land Use***

**AB 1838 (C. Calderon). Common Interest Developments. Association Records.  
Chapter 475, Statutes of 2012**

This measure prohibits a homeowners association from charging a cancellation fee for providing certain documents if the request was cancelled in writing by the same party that placed the order and the work has not been performed or the request was cancelled in writing and the work that had been performed on the order was compensated.

**AB 2030 (Olsen). Building Standards. Press Boxes.  
Chapter 370, Statutes of 2012**

This measure requires the California Building Standards Commission, as part of the next triennial building code cycle that begins on or after Jan. 1, 2013, to adopt standards for press boxes that must provide disability access and exempts press boxes less than 500 feet from the requirements.

## ***F. Mobilehomes***

### **AB 317 (C. Calderon). Mobilehomes.**

#### **Chapter 337, Statutes of 2012**

This measure requires the management of a mobilehome park to provide a document that includes language advising prospective homeowners that if they do not occupy the mobilehome as their principal residence, those homeowners may no longer be governed by rent control.

### **AB 1694 (Fuentes). Gas Pipeline Safety Inspections.**

#### **Chapter 112, Statutes of 2012**

This measure permits the PUC to inspect mobilehome parks and propane suppliers at least once every seven years utilizing a risk-based assessment schedule, as opposed to current law which requires inspections every five years. The goal of this change is to allow PUC inspectors more time to focus on integrity management and transmission pipelines statewide.

### **AB 1797 (Torres). Mobilehome Park Purchase Fund.**

#### **Chapter 558, Statutes of 2012**

This measure authorizes HCD to offer interests rates below three percent on loans under the Mobilehome Park Resident Occupancy Program as well as provide technical assistance to applicants with reasonable costs of the assistance added as part of the loan principal.

### **AB 1830 (V.M. Pérez). Water Service. Mobilehome Parks.**

#### **Chapter 539, Statutes of 2012**

This measure authorizes the PUC to investigate charges of unjust or unreasonable water services in a mobilehome park and reimburse a current or former tenant in the event that a mobilehome park charged an unjust or unreasonable rate. The bill also requires mobilehome park owners to notice tenants of the right to file a complaint and establishes a civil penalty of \$1,000 per day for the failure to provide notice.

### **AB 1938 (Williams). Mobilehomes. Rental Agreements.**

#### **Chapter 477, Statutes of 2012**

This measure revises the ability of a mobilehome owner to void a contract by notifying the management within 72 hours of receiving an executed copy of the agreement as opposed 72 hours after the execution of the agreement. Additionally, this measure prohibits management from charging or imposing upon a homeowner any fines, fees, or damages assessed or awarded by the court or an enforcement agency against the management for violation of the Mobilehome Residency Law or the Mobilehome Parks Act.

**AB 2150 (Atkins). Mobilehome Parks.****Chapter 478, Statutes of 2012**

This measure requires management in a mobilehome park to create a notice for all homeowners on an annual basis that summarizes the key rights and responsibilities of homeowners and park management under the Mobilehome Residency Law.

**AB 2272 (Wagner). Mobilehomes. Injunctions.****Chapter 99, Statutes of 2012**

This measure allows park management to seek a petition for an order enjoining a continuing or recurring violation of a reasonable rule or regulation of a mobilehome park within the limited jurisdiction of the superior court of the county in which the mobilehome park is located until Jan. 1, 2016.

**AB 2697 (Housing and Community Development Committee). Housing Omnibus Act.****Chapter 770, Statutes of 2012**

This measure deletes the 30-day limit on the display of manufactured homes, mobilehomes, or commercial coaches at a fair and clarifies that these displays do not establish a place of business for the purpose of obtaining a dealer's license.

**SB 149 (Correa). Mobilehome and Special Occupancy Parks. Permit Invoice Notice.****Chapter 307, Statutes of 2012**

This measure requires HCD or a local agency to include in its mobilehome park permit-to-operate invoice a notice of the Mobilehome Residency Law and the Recreational Vehicle Park Occupancy Law.

## ***G. Mortgages and Foreclosures***

**AB 278 (Eng). Mortgages and Deeds of Trust. Foreclosure.****Chapter 86, Statutes of 2012**

This measure makes changes to the non-judicial foreclosure process so that borrowers are considered for available loss mitigation options such as loan modifications or other alternatives to foreclosure. The bill's scope of application is limited to mortgages or deeds of trust that are owner-occupied residential properties containing no more than four dwelling units and the scope of loss mitigation requirements and activities is limited to first lien mortgages.

**AB 1551 (Torres). Housing.****Chapter 555, Statutes of 2012 (Urgency)**

This measure allows the CHFA and HCD, under certain programs, to subordinate a second mortgage to refinancing if it is determined that the borrower has demonstrated hardship, subordination is required to avoid foreclosure, and the new loan meets underwriting requirements.

**AB 1599 (Feuer). Mortgages and Deeds of Trust. Foreclosures.****Chapter 556, Statutes of 2012**

This measure requires a mortgagee, trustee, beneficiary, or authorized agent to provide to a mortgagor or trustor a summary of the notice of default, attached to a copy of the notice of default, and a summary of the notice of sale, attached to a copy of the notice of sale, in English as well as any other language in conformance with Civil Code section 1632. This measure also requires the Department of Corporations to make available standard summary translation in different languages and make those translations available without charge on the Internet.

**AB 1950 (Davis). Prohibited Business Practices. Enforcement.****Chapter 569, Statutes of 2012**

This measure makes it a crime to engage in the business of, act in the capacity of, advertise as, or assume to act as a mortgage loan originator without having obtained a license endorsement. This expands on current law which makes it a crime to engage in the business of, act in the capacity of, advertise as, or assume to act as a real estate broker or a real estate salesperson without a real estate license.

**AB 2010 (Bonilla). Reverse Mortgages. Counseling.****Chapter 641, Statutes of 2012**

This measure requires reverse mortgage counseling to be conducted in person, unless the borrower elects to receive the counseling in another manner.

**\*AB 2273 (Wieckowski). Common Interest Developments. Required Documents.****Chapter 255, Statutes of 2012**

This measure requires the sale of a common interest development property to be recorded within 30 days after the date of sale in the office of the county recorder where the property is located.

**\*AB 2314 (Carter). Real Property. Blight.****Chapter 201, Statutes of 2012**

This measure extends indefinitely the ability of local governments to impose civil fines and penalties of up to \$1,000 a day on a legal owner for failure to maintain a vacant residential property purchased as a foreclosure under a mortgage or deed of trust. The bill also extends the requirement for local governments to give notice, an opportunity to correct the violation, and a hearing.

**AB 2475 (Veterans Affairs Committee). Military Service Protections. Real and Personal Property Rights.****Chapter 204, Statutes of 2012**

This measure extends the time after a servicemember's period of military service from three months to nine months during which foreclosure upon the servicemember's home is prohibited.

**AB 2476 (Veterans Affairs Committee). Service Member Obligations or Liabilities. Rates of Interest.****Chapter 101, Statutes of 2012**

This measure prohibits an obligation or liability consisting of a mortgage, trust deed, or other security in the nature of a mortgage from bearing interest in excess of six percent per year during any part of military service and one year thereafter.

**AB 2666 (Banking and Finance Committee). Mortgage Loan Originators.****Chapter 264, Statutes of 2012**

This measure amends the California Finance Lenders Law and the California Residential Mortgage Lending Act to exempt the following individuals from the definition of a mortgage loan originator:

- Employees of federal, state, or local government agencies or housing finance agencies, who act as mortgage loan originators only in their official duties as employees of those agencies; and.
- Employees of bona fide nonprofit organizations, who exclusively originate residential mortgage loans for those bona fide nonprofit organizations, and who act as mortgage loan originators only with respect to residential mortgage loans with terms that are favorable to the borrower.

**AJR 40 (Skinner). Mortgages.****Resolutions Chapter 140, Statutes of 2012**

This resolution urges the Federal Housing Finance Agency to immediately allow the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation to offer principal reductions to homeowners who owe more on their home loans than what their homes are worth.

**SB 825 (Corbett). Residential Tenancies. Foreclosures.****Chapter 210, Statutes of 2012**

This measure extends from Jan. 1, 2013 until Dec. 31, 2019 existing law which requires that any notice to quit regarding a housing unit served within one year after a foreclosure sale include a separate cover sheet that contains additional notice to renters.

**SB 900 (Leno). Mortgages and Deeds of Trust. Foreclosure.****Chapter 87, Statutes of 2012**

This measure requires mortgage servicers to contact the borrower prior to filing a notice of default and provide the borrower with specified information in writing prior to recordation of a notice of default. This measure prohibits the recording of a notice of default or, until Jan. 1, 2018, the recording of a notice of sale or conducting a sale while a complete first lien loan modification application is pending. This bill prohibits recordation of a notice of default or a notice of the sale or the conduct of a trustee's sale if a foreclosure prevention alternative has been approved and requires recordation of a rescission of those notices upon execution of a permanent foreclosure prevention alternative.

**SB 980 (Vargas). Mortgage Loans.****Chapter 563, Statutes of 2012**

This measure extends the sunset date on the state's prohibition against the collection of upfront fees in connection with mortgage loan modifications and other forms of mortgage loan forbearance from Jan. 1, 2013 to Jan. 1, 2017.

**SB 1069 (Corbett). Deficiency Judgments.****Chapter 64, Statutes of 2012**

This measure extends a borrower's protection against a deficiency judgment to include refinance loans, but only to the extent that the refinance loan is used to pay off the unpaid principal amount of the original purchase money mortgage loan.

**SB 1191 (Simitian). Landlord-Tenant Relations. Disclosure of Notice of Default.****Chapter 566, Statutes of 2012**

This measure, until Jan. 1, 2018, requires a landlord offering for rent a single-family dwelling or a multifamily dwelling not exceeding four units that has received a notice of default to disclose the notice of default in writing prior to executing a lease agreement for the property.

**SB 1450 (R. Calderon). Mortgage Guaranty Insurance.****Chapter 105, Statutes of 2012**

This measure repeals until Jan. 1, 2018, a cap on the amount of risk a mortgage guaranty insurer may retain, without reinsuring that risk, to 30 percent of the value of the first lien mortgage loans in its books.

**SB 1474 (Hancock). Grand Jury Proceedings. Attorney General. Powers and Duties.****Chapter 568, Statutes of 2012**

This measure authorizes the Attorney General to convene a statewide grand jury in cases of theft or fraud where the same actor or actors committed the offenses in multiple counties to combat the widespread financial abuses that occurred during the mortgage crisis.

## ***H. Real Estate***

**AB 1700 (Butler). Property Taxation. Change in Ownership. Exclusion. Co-Tenancy Interests.****Chapter 781, Statutes of 2012**

This measure excludes from property tax reassessment a transfer of co-tenancy interest in a principal residence if the principal residence was owned by two individuals and was transferred to one of those individuals upon the death of the other, with the survivor obtaining sole ownership of the property.

**AB 1985 (Silva). Trusts and Estates. Construction of Instruments.****Chapter 195, Statutes of 2012**

This measure clarifies the rules of construction of a trust so that if a trustee sells or encumbers property gifted to a beneficiary under a revocable trust, the gift to the beneficiary is not cancelled.

**AB 2326 (Wagner). Execution of Documents.****Chapter 202, Statutes of 2012**

This measure requires notarized documents affecting real property to have the party signing the document to place his or her fingerprint in the notary's journal.

**AB 2667 (Banking and Finance Committee). Personal Property. Fraudulent Transfers.****Chapter 60, Statutes of 2012**

This measure eliminates the requirement that a transferor of personal property have a financing statement signed by the transferor, and instead allows the transferor to authorize the filing in an authenticated record.

**SB 1342 (Emmerson). Counties. Recording. Real Estate Instruments.****Chapter 104, Statutes of 2012**

This measure increases from \$3 to \$10, the maximum fee that a county can place on specified recorded documents to fund real estate fraud deterrence, investigations and prosecutions.

***I. Williamson Act and Open Space*****AB 2680 (Agriculture Committee). Agricultural Land. Williamson Act. Lot Line Adjustments. Contracts.****Chapter 128, Statutes of 2012**

This measure permanently repeals the sunset date of Jan. 1, 2013, that authorizes a city or county and a landowner to agree to rescind a Williamson Act (Act) contract and simultaneously enter into a new contract to facilitate lot line adjustments without having to use the Act's nonrenewal or cancellation provisions and pay cancellation fees.

## **VI. Public Safety**

### ***A. Corrections***

#### **SB 1210 (Lieu). Collection of Criminal Fines and Penalties.**

##### **Chapter 762, Statutes of 2012**

This measure authorizes a county to collect restitution from offenders that would have otherwise been sentenced to state prison prior to the 2011 Realignment in order to help the victims of crimes receive restitution they would have otherwise been due.

#### **AB 1248 (Hueso). Local Public Employees' Retirement. City of San Diego.**

##### **Chapter 853, Statutes of 2012**

This measure requires the city of San Diego to provide Social Security coverage to all its employees not covered under a defined benefit retirement plan.

#### **SB 1462 (Leno). County Sheriffs. Release of Prisoners. Medical Release.**

##### **Chapter 837, Statutes of 2012**

This measure authorizes a sheriff to release a prisoner from a county jail after conferring with a jail physician if the sheriff determines the prisoner would not reasonably pose a threat to public safety and the prisoner is deemed to have a life expectancy of six months or less. This measure also authorizes the court, at the request of a sheriff, to grant medical probation to any prisoner sentenced to a county jail who is physically incapacitated following their sentence or if they require acute long-term care. Before a prisoner's compassionate release or release to medical probation, the sheriff would be required to secure a placement option for the inmate.

#### **AB 2078 (Nielsen). Sexual Activity With Detained Persons.**

##### **Chapter 123, Statutes of 2012**

This measure clarifies that peace officers are prohibited from engaging in consensual sex with a person in a detention facility and specifies that a detention facility includes a vehicle transporting a person after arrest but before booking.

#### **AB 2127 (Carter). Work Release.**

##### **Chapter 749, Statutes of 2012**

This measure authorizes a sheriff or other official to permit a person in a work release program to receive work release credit from a county jail facility for participation in educational, vocational, substance abuse, life skills, or parenting programs.

## ***B. Crimes and Penalties***

### **AB 472 (Ammiano). Controlled Substances. Overdose. Punishment.**

#### **Chapter 338, Statutes of 2012**

This measure provides limited criminal liability for a person under the influence of, or in possession of, a controlled substance or drug paraphernalia if that individual seeks medical assistance for himself, herself or another person for a drug-related overdose.

### **AB 1527 (Portantino). Firearms.**

#### **Chapter 700, Statutes of 2012**

This measure makes it a misdemeanor, with certain exceptions, for a person to carry an unloaded firearm that is not a handgun on his or her person outside a motor vehicle in a city or city and county. This measure provides clean-up to “open carry” legislation enacted last year.

### **AB 2212 (Block). Human Trafficking. Civil Penalties.**

#### **Chapter 254, Statutes of 2012**

This measure clarifies that buildings or places used for human trafficking can be declared a public nuisance, and specifies that half of any civil penalties collected be directed to fund grants for human trafficking victim services and prevention programs.

### **\*AB 2247 (B. Lowenthal). Public Transportation. Offenses.**

#### **Chapter 750, Statutes of 2012**

This measure creates a new crime for the unauthorized sales or peddling of any good, merchandise, property, or services in a transit facility or vehicle and specifies fines and community service penalties, if not authorized by the respective transit agency.

### **AB 2464 (Gatto). Professional Sports Facilities. Safety.**

#### **Chapter 261, Statutes of 2012**

This measure requires that owners of professional sports facilities post notices of emergency contact information in the manner specified to enable text or phone messages to relay reports of a violent act.

### **AB 2552 (Torres). Vehicles. Driving Under the Influence. Alcoholic Beverage or Drug.**

#### **Chapter 753, Statutes of 2012**

This measure revises and recasts current prohibitions against driving under the influence of alcohol or drugs as separate and distinct offenses to improve data collection on these offenses with the intent to reduce safety hazards caused by impaired drivers. These provisions go into effect on Jan. 1, 2014.

**SB 661 (Lieu). Crimes. Picketing.**  
**Chapter 354, Statutes of 2012**

This measure creates a misdemeanor penalty for a person to picket at a funeral within an hour prior or after the funeral, burial, or cremation service. This measure builds upon federal law, the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012, which prohibits picketing within 300 feet of a national cemetery when funeral services are being held for service personnel.

**SB 1145 (Emmerson). Animal Fighting.**  
**Chapter 133, Statutes of 2012**

This measure increases the maximum fines for various offenses relating to animal fighting including possession of specified tools used in animal baiting or fighting, being a spectator at an animal fight, or allowing an animal fight to take place on one's property.

### ***C. Fire Service/Emergency & Disaster Response***

**\*AB 1567 (Jeffries). Firefighting Equipment. Firefighting Endorsement.**  
**Chapter 111, Statutes of 2012**

This measure eliminates the requirement for firefighters to submit a report of medical examination to qualify for a firefighter endorsement on a driver's license. Instead, the measure requires the submission of self-reported medical information upon application for the endorsement and every two years thereafter, thereby reducing the cost and time burden placed on fire departments.

**AB 1793 (Yamada). Public Health. Federal Funding. Public Health Emergencies.**  
**Chapter 166, Statutes of 2012 (Urgency)**

This measure adds long-term health facilities to the list of entities that can be designated by a federal or state agency to receive and manage funds for public health preparedness and response to bioterrorist attacks and other public health emergencies, pursuant to a federally approved collaborative state-local plan. In addition, this measure deletes the Sept. 1, 2012 sunset date on provisions of law governing federal funding for public health emergency preparedness and response.

**\*SB 1241 (Kehoe). Land Use. General Plan. Safety Element. Fire Hazard Impacts.**  
**Chapter 311, Statutes of 2012**

This measure requires each city and county to address fire risk in state responsibility areas and very high-fire hazard severity zones in the safety element of a general plan upon the next revision of the housing element on or after Jan. 1, 2014. The bill also requires cities and counties to make certain findings regarding available fire protection and suppression services before approving a tentative map or parcel map.

**SB 1365 (Negrete McLeod). Emergency Medical Services. Immunity.****Chapter 69, Statutes of 2012**

This measure extends civil liability immunity to nurses trained in emergency services and also professionals administering medical services during emergency air or ground transport. This civil immunity currently applies to firefighters, police officers or other law enforcement officers, and emergency medical technicians.

**SB 1394 (A. Lowenthal). Dwelling Safety. Carbon Monoxide and Smoke Detectors.****Chapter 420, Statutes of 2012**

This measure makes a number of changes to carbon monoxide and smoke detector placement requirements in residential buildings as well as the standards for the devices to be established by the Office of the State Fire Marshal and other state agencies.

Specifically this measure:

- Prohibits a permit issuer from signing off on the completion of work on alterations, repairs, or additions exceeding \$1,000 to units approved for human dwelling until the permittee demonstrates that all smoke alarms required for the dwelling are approved and listed by the State Fire Marshal;
- Deletes the requirement that a smoke detector be installed in the common stairwells of apartment complexes and other multiple-dwelling complexes;
- Requires, commencing Jan. 1, 2014, owners of single-family dwellings that are rented or leased to be responsible for testing and maintaining smoke alarms, as specified;
- Requires an owner of a multifamily rental, at the time a new tenancy is created, to ensure that smoke alarms are operable and located in compliance with current building code standards;
- Requires, on or before Jan. 1, 2016, the owner of a dwelling unit intended for human occupancy in which one or more units is rented or leased to install additional smoke alarms, as needed, to ensure that smoke alarms are located in compliance with current building standards and specifies that existing alarms need not be replaced unless the alarm is inoperable;
- Delays the date by which an owner must install a carbon monoxide device in an existing hotel and motel unit from Jan. 1, 2013, to Jan. 1, 2016;
- Requires HCD, on or before July 1, 2014, to submit to the California Building Standards Commission for adoption building standards for the installation of carbon monoxide detectors in hotel and motel units. In developing these standards, HCD must convene and consult a stakeholder group and review and consider the most current national standards available related to the installation of carbon monoxide detectors; and
- Makes various changes to the types of smoke detector and carbon monoxide detector approved devices by the Office of State Fire Marshall related to manufacturer information, "hush" features, and battery life minimums.

**SB 1436 (A. Lowenthal). Automated External Defibrillators.****Chapter 71, Statutes of 2012**

This measure deletes the sunset date on Good Samaritan protections for building owners who acquire automated external defibrillators and uphold the required maintenance standards.

***D. Gang/Youth Violence*****AB 526 (Dickinson). Delinquency and Gang Intervention and Prevention Grants.****Evidence-Based Principles and Practices.****Chapter 850, Statutes of 2012**

This measure mandates the BSCC to consolidate grant funds related to gang intervention and youth crime prevention and create a uniform grant application process. This measure enacts recommendations from the Accountability and Administrative Review Committee and the Office of Gang and Youth Violence Policy to eliminate program funding silos and maximize grant opportunities for local communities.

***E. Metal Theft*****AB 391 (Pan). Second Dealers and Pawnbrokers. Electronic Reporting.****Chapter 172, Statutes of 2012 (Urgency)**

This measure establishes the process and fee schedule to implement a single, statewide, uniform electronic reporting system for pawnbrokers and secondhand dealers administered by the DOJ, to be developed in accordance to the current mandated reporting requirements for pawnbrokers and secondhand dealers.

**AB 1508 (Carter). Junk Dealers and Recyclers. Nonferrous Materials.****Chapter 531, Statutes of 2012**

This measure revises the exemption on the purchase of nonferrous materials with a value of \$20 or less from certain payment restrictions. Current law provides that any redemption valued at under \$20 is not subject to the 3-day payment delay or payment by check requirement. AB 1508 provides that in order to be exempt from the payment restrictions, a majority of the transaction for materials must be beverage containers and may not contain any copper or copper alloy materials.

**AB 1971 (Buchanan). Theft. Junk, Metals, and Secondhand Materials.****Chapter 82, Statutes of 2012**

This measure increases the penalties related to metal theft from transportation systems and public utility services, from \$250 to \$1000, for secondhand dealers who knowingly purchase this type of metal. In addition, this measure includes in the definition of "damage" under current vandalism statutes, transit properties and facilities, public park properties and facilities, and public utilities and water properties and facilities.

**\*SB 1045 (Emmerson). Metal Theft. Damages.****Chapter 393, Statutes of 2012**

This measure increases potential liability for wrongful possession of a stolen fire hydrant or connecting backflow device by a junk dealer or recycler. Specifically, it provides that any junk dealer or recycler who possesses a fire hydrant, a fire department connection, or a backflow device or connection to that device or part of that device without a prescribed written certification from the agency or utility owning or previously owning the material is liable to the agency or utility for the wrongful possession of that material. The liability provided in this measure will be for the actual damages incurred by the agency or utility, including the value and cost of replacing the material, labor costs, and the costs of repairing any damage caused by the removal of the material. In addition, it requires the court to also award exemplary damages of three times the actual damages incurred by the agency or utility.

**\*SB 1387 (Emmerson). Metal Theft.****Chapter 656, Statutes of 2012**

This measure prohibits junk dealers and recyclers from possessing fire hydrants, manhole covers or backflow devices without proper certification, as specified; and provides that possession of stolen fire hydrants, manhole covers or backflow devices by persons engaged in the salvage, recycling, purchase or sale of scrap metal, shall be punishable by an additional fine up to \$3,000.

***F. Public Safety Personnel and Agencies*****AB 801 (Swanson). Illegal Dumping Enforcement Officers and Code Enforcement Officers.****Chapter 298, Statutes 2012**

This measure clarifies the definition of an illegal dumping officer employed by a public agency. This measure adds that individuals classified as “code enforcement officers” whose duties include illegal dumping or littering enforcement are also eligible for additional peace officer powers of arrest, in addition to the existing “illegal dumping officers” classification as provided for under current law.

**AB 1720 (Torres). Service of Process. Private Investigators.****Chapter 113, Statutes of 2012**

This measure allows licensed private investigators to enter a gated community for a reasonable amount of time for the sole purpose of performing lawful service of process or service of subpoena, clarifying existing law that currently allows registered process servers to enter gated communities.

**AB 2285 (Eng). Peace Officer Testing. Cheating.****Chapter 372, Statutes of 2012**

This measure creates a \$1,000 fine for each instance that a peace officer trainee knowingly cheats, assists in cheating, or aids, abets, or knowingly conceals efforts by others to cheat in any manner on a basic course examination mandated by the Commission on Peace Officers Standards and Training.

**\*AB 2368 (Block). School Security. Security Departments. School Police Departments.****Chapter 146, Statutes of 2012**

This measure reorganizes the provisions authorizing a governing board to establish a school security or police department and strikes the intent of the Legislature that a school district police department is supplementary to city and county law enforcement agencies and is not vested with general police powers.

**AB 2612 (Achadjian). Court. Witnesses Fees.****Chapter 377, Statutes of 2012**

This measure increases the amount from \$150 to \$275 that the subpoenaing party must advance for each day that a peace officer, firefighter, or trial court, state, or county employee is required to remain in attendance pursuant to the court subpoena.

**\*SB 1067 (La Malfa). Peace Officers. Mutual Aid.****Chapter 269, Statutes of 2012**

This measure authorizes the city of Tulelake, California, to enter into a mutual aid agreement with the city of Malin, Oregon, to permit their police departments to provide mutual aid to each other when necessary. This agreement must be reviewed and approved by the Commissioner of the California Highway Patrol. This measure could set a precedent for other rural, border-area cities.

**\*SB 1162 (Runner). Animal Control. Tranquilizers.****Chapter 594, Statutes of 2012 (Urgency)**

This measure allows an animal control or humane officer to administer a tranquilizer when under the direct or indirect supervision of, and trained by, a veterinarian and approved by their local agency.

**\*SB 1351 (Rubio). Peace Officers.****Chapter 68, Statutes of 2012 (Urgency)**

This measure re-establishes peace officer status to a correctional officer employed by a city, county, or city and county that operates a community correctional facility, and who has the authority and responsibility for maintaining inmate custody and facility operations.

## ***G. Vehicle Safety and Traffic Enforcement***

### **AB 1047 (Jeffries). Vehicles. Motorcycle Safety.**

#### **Chapter 89, Statutes of 2012**

This measure expressly prohibits state and local law enforcement agencies from conducting motorcycle only checkpoints. Motorcycles are still subject to general motor vehicle checkpoints. Prior to this measure, no local jurisdictions reported conducting motorcycle only checkpoints.

### **AB 1404 (Feuer). Vehicles. Additional Registration Fees. Vehicle-Theft Crimes.**

#### **Chapter 775, Statutes of 2012**

This measure allows Los Angeles, San Bernardino, and San Diego counties to increase the surcharge from \$1 to \$2 that they impose on vehicle registrations in their respective jurisdictions to fund vehicle theft prevention, investigation, and prosecution programs in the existing Taskforce for Regional Auto-theft Prevention (TRAP). Forty-seven counties currently impose a \$1 surcharge.

### **AB 1708 (Gatto). Vehicles. Electronic Verification of Financial Responsibility and Insurance.**

#### **Chapter 236, Statutes 2012**

This measure allows drivers to use mobile electronic devices to provide proof of insurance. It also provides that peace officers may not view any other information on the mobile device, and the owner of the device is liable for any damages that may occur as a result of using their mobile device to show proof of insurance.

### **AB 2020 (Pan). Vehicles. Driving Under the Influence. Chemical Tests.**

#### **Chapter 196, Statutes of 2012**

This measure removes the option for a person who is accused of driving under the influence of drugs to provide a urine sample for determining the level of drug intoxication. Only blood or breathalyzer tests are now permitted.

### **AB 2489 (Hall). Vehicles. License Plates. Obstruction or Alteration.**

#### **Chapter 702, Statutes of 2012**

This measure prohibits a person from altering or covering a license plate in order to avoid license plate recognition either visually or by an electronic device and aligns the penalty with that of the felony charges currently in place for altering or falsifying license plate data with the intent to defraud or mislead.

### **AB 2660 (Solorio). Vehicles. Peace Officer Vehicles. Window Tinting or Glazing.**

#### **Chapter 171, Statutes of 2012**

This measure allows a public agency to own and operate a law enforcement vehicle on which tinting or glazing materials covers the front side windows, which is currently prohibited on all vehicles to avoid undercover law enforcement from being ticketed by fellow law enforcement officers for illegal window tinting.

**\*SB 1303 (Simitian). Vehicles. Automated Traffic Enforcement Systems.  
Chapter 735, Statutes of 2012**

This measure makes various changes to the operation of automated traffic enforcement systems, also known as red light cameras, in local jurisdictions as well as evidence code submission of data collected by these systems. Specifically:

- Related to state Evidence Code, this measure clarifies that computer-generated information stored by an automated traffic enforcement system (red light camera system) is presumed to be an accurate representation. It also specifies that evidence from red light camera systems is not hearsay, pursuant to *People v. Goldsmith*.
- Related to signage requirements, local jurisdictions must post signs stating the use of red light cameras within 200 feet of the intersection by Jan. 1, 2014. Signage only at the major entrances to a city or county is no longer permitted.
- Related to screening and confidential information processing, local jurisdictions are required to establish uniform guidelines by Jan. 1, 2014, for screening and issuing violations and for storage of confidential information for systems installed after Jan. 1, 2013.
- Related to establishing red light camera systems, local jurisdictions must adopt a finding of fact establishing the need for the system at the specific location, for reasons related to safety. Local jurisdictions are also prohibited from considering profit when discussing whether or not to install and operate a red light camera system.
- Related to automated traffic enforcement systems, vendors must produce a report annually with cooperation from the local jurisdiction with information (if available) related to the number of citations, dismissal rates, total violations, and collisions.
- Related to red light camera violation notifications, specifies what information must be contained on the notice and must state clearly the notification is not a citation and if the form is altered from required content, the violation is dismissed.

**H. Other**

**\*AB 2515 (Hall). Indian Gaming. Local Agencies.  
Chapter 704, Statutes of 2012**

This measure increases requirements and procedures governing the awarding of grants from the Indian Gaming Special Distribution Fund (SDF) to ensure that the funds are properly used to mitigate costs associated with tribal gaming. In addition, this measure appropriates \$9.1 million from the SDF to the California Gambling Control Commission to provide grants to local agencies for the purpose of mitigating the adverse impacts of tribal gaming.

**SB 1047 (Alquist). Emergency Services. Seniors.****Chapter 651, Statutes of 2012**

This measure establishes a Silver Alert notification system designed to issue and coordinate alerts to inform the public when a person who is 65 years or older is missing. This program will remain in effect until Jan. 1, 2016.

**SB 1144 (Strickland). Crimes. Public Safety Omnibus.****Chapter 867, Statutes of 2012**

This measure is the annual public safety omnibus bill that makes technical, non-controversial changes to a number of existing state statutes. Areas of clarification include changing the name of the Bureau of Narcotics Enforcement to the DOJ, requirements related to rights of domestic violence victims to perform citizens' arrest, and a number of cross-reference changes to new or obsolete code sections.

**\*SB 1238 (Price). Massage Therapy.****Chapter 655, Statutes of 2012**

This measure makes a number of changes to law pertaining to the California Massage Therapy Council (CAMTC). Of relevance to local jurisdictions, this measure:

- Requires a certificate holder to have his or her identification card in his or her possession while providing massage services;
- Requires a certificate holder, upon request at the location where he or she is providing massage services, to provide his or her full name and certificate number to a member of the public, the CAMTC, or a member of law enforcement or a local government agency charged with regulating massage;
- Specifies that business license fees charged to a massage business or establishment can be no higher than the lowest fee that is applied to other individuals and businesses providing professional services defined in Corporations Code section 13401(a);
- Specifies that local jurisdictions can only ask for information from applicants for a massage business license that is the same as that required of other individuals and professionals providing professional services;
- Specifies that the background check that a local jurisdiction can require of an owner or operator of a massage establishment may include, but is not limited to, a criminal background check, including requiring submission of fingerprints. If a noncertified owner's or operator's background check results in a finding that the local jurisdiction determines is relevant to owning or operating a massage establishment, then specified rights to practice shall not apply to that establishment and the local jurisdiction may regulate that establishment in any manner it deems proper that is in accordance with the law; and
- Specifies that nothing in statutes governing massage therapy shall be construed to restrict or limit in any way the authority of a local jurisdiction to adopt a local ordinance restricting the opening of a new massage establishment in a location in which a massage establishment has been closed due to criminal activity.

**SB 1329 (Simitian). Prescription Drugs. Collection and Distribution Program.**  
**Chapter 709, Statutes of 2012**

This measure expands the types of entities that can donate and dispense medication in the prescription drug depository and distribution program that provides donated medication to medically indigent patients, provides these additional entities with immunity from criminal and civil liability contained in existing law, and allows counties to establish a program through an action by the county board or through an action of the public health officer of the county, instead of only through county ordinance under existing law.

## VII. Revenue and Taxation

### *A. Property Taxes*

#### **AB 2046 (Allen). Floating Home Marina.**

##### **Chapter 817, Statutes of 2012**

This measure provides that the transfer of a floating home marina to a tenant cooperative does not constitute a change in ownership, and makes other related changes.

#### **AB 2207 (Gordon). Welfare Exemption. Open Space Lands.**

##### **Chapter 863, Statutes of 2012**

This measure provides that when determining whether open space property qualifies for the welfare exemption consideration shall not be given to the use of the property for activities resulting in direct or in-kind revenues, or any lease of the property, provided that the activities further the conservation objectives of the property.

#### **AB 2643 (Ma). Property Tax Collection.**

##### **Chapter 161, Statutes of 2012**

This measure permits county tax collectors to apply a replicated tax payment on one property to offset delinquent property tax obligations on another property owned by the same taxpayer, limits relief from penalties for unpaid taxes while a tax assessment appeal is pending, and changes the method for calculating interest on property tax refunds.

### *B. Sales and Use Tax*

#### **AB 1126 (C. Calderon). Transaction and Use Tax. 1/8 Percent Increments.**

##### **Chapter 739, Statutes of 2012**

This measure makes a conforming technical change to clarify that increases to local transactions and use taxes can be in 1/8 of one percent increments.

#### **SB 1243 (A. Lowenthal). Bunker Fuel. Partial Exemption.**

##### **Chapter 293, Statutes of 2012**

This measure continues the existing partial exemption from sales and use tax for bunker fuel from Jan. 1, 2014 to Jan. 1, 2024, and makes other related changes.

#### **\*SB 1492 (Leno). Voter-Approved Vehicle Assessment. San Francisco.**

##### **Chapter 838, Statutes of 2012**

This measure authorizes the San Francisco Board of Supervisors to adopt a local surcharge assessment on vehicle registrations within the county for general revenue purposes. This assessment is required to be approved by two-thirds of the members of the board of supervisors then submitted and approved by a majority of the voters. The rate charged on vehicles (the combination of existing rates and the authorized local San Francisco rate) cannot exceed a total of two percent.

### ***C. Tax Collection***

#### **AB 1325 (Lara). Fictitious Business Names.**

##### **Chapter 368, Statutes of 2012**

This measure requires fictitious business name statements to include specific identification information and provides that false declarations are a misdemeanor punishable by a fine up to \$1,000. While the focus of this measure is consumer protection, this process can also improve tax collection.

#### **\*AB 1447 (Feuer). 30-Day Warranty. Buy Here, Pay Here Used Car Dealers.**

##### **Chapter 740, Statutes of 2012**

This measure requires “buy here, pay here” used car dealers to provide their customers with a 30-day, 1,000 mile warranty.

#### **\*AB 1534 (Wieckowski). Market Value. Buy Here, Pay Here Used Car Dealers.**

##### **Chapter 741, Statutes of 2012**

This measure requires “buy here, pay here” used car dealers to affix a label to vehicles which provides the average retail value of the vehicle for sale based upon its condition and other relevant factors based upon a nationally recognized pricing guide.

#### **AB 1581 (Wieckowski). Location of Floral Businesses.**

##### **Chapter 633, Statutes of 2012**

This measure makes it an infraction for the vendor of floral or ornamental products to misrepresent the geographic location of its business by listing a local phone number for a fictitious business name. Local tax collection can improve by assuring that sales are not diverted to other locations by unsavory advertising practices.

#### **AB 2270 (Harkey). Use Tax Collection.**

##### **Chapter 200, Statutes of 2012**

This measure provides that use tax is due and payable to the BOE by April 15 following the calendar year in which the liability for use tax was incurred, making this date consistent with the due date of income tax.

#### **AB 2618 (Ma). Salvage Vehicles. Auctions.**

##### **Chapter 756, Statutes of 2012**

This measure establishes a rebuttable presumption that sales at an auction or by a dismantler of various vehicles, including salvage vehicles, are subject to the collection of sales tax, unless the vehicle is sold to a licensed dealer or dismantler, automotive repair dealer, or scrap metal processor in possession of a valid resale license.

**SB 954 (Liu). Unclaimed Property. Offset Payments.****Chapter 650, Statutes of 2012**

This measure authorizes the State Controller to deduct any amounts owed to a city or county from any amount claimed by a person eligible to recover funds from state unclaimed property. The Controller is already authorized to deduct these debts from income or corporation tax refunds, amounts owed by the BOE, or state lottery winnings. This measure adds state unclaimed property to that list.

**SB 1548 (Wyland). Board of Equalization. Offers in Compromise.****Chapter 285, Statutes of 2012**

This measure continues the existing BOE Offers-in-Compromise program, which provides alternatives for taxpayers to settle their obligations, until Jan. 1, 2018.

***D. Economic Development: Tax Credits*****AB 2026 (Fuentes). Income Tax Credits. Motion Pictures.****Chapter 841, Statutes of 2012 (Urgency)**

This measure extends the duration of the existing tax credit for qualified motion pictures by two years to July 1, 2017. In addition, this measure requires recipients to supply a list of other states and provinces which they have filed in in the preceding calendar year. Requires the Legislative Analyst to prepare a report on the effectiveness of this tax credit program by Jan. 1, 2016.

**SB 1128 (Padilla). California Alternative Energy and Advanced Transportation Financing Authority.****Chapter 677, Statutes of 2012**

This measure expands the projects eligible for financing under the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) program to include “advanced manufacturing” as defined, until Jan. 1, 2016, and requires various studies and reports focused on quantifying benefits of such investments. The measure also ensures that the \$100 million cap on total sales and use tax exemptions under the CAEAFTA program is not exceeded. Further, the measure consolidates and reorganizes statutes for the existing PACE program.

## ***E. Miscellaneous***

### **\*AB 1345 (Lara). Local Government. Audits.**

#### **Chapter 231, Statutes of 2012**

This measure provides that audit reports required to be submitted to the State Controller in compliance with the federal Single Audit Act of 1984 must be submitted within nine months after the end of the period audited or pursuant to applicable federal or state law. This measure also requires that these audit reports be submitted in compliance with the Government Auditing Standards issued by the Comptroller General of the United States. If a local agency fails to submit an audit report within the required timeframe the Controller can appoint an auditor to conduct the audit at the local agency's cost. However, prior to this action the Controller must first notify the local agency of its failure to submit the audit report and give the local agency a reasonable amount of time to submit the report. Additionally, this measure requires these audits be conducted by certified public accountants as specified in the measure and requires that a local agency rotate auditors at least every six years.

### **AB 1446 (Feuer). Los Angeles County. Transactions and Use Tax.**

#### **Chapter 806, Statutes of 2012**

This measure authorizes the Los Angeles County Metropolitan Transportation Authority to seek voter approval to permanently extend the existing half-cent transaction and use tax for transportation purposes.

### **AB 2323 (Perea). Board of Equalization. Opinions.**

#### **Chapter 788, Statutes of 2012**

This measure requires the BOE to publish written formal, memorandum, and summary opinions on its website within 120 days of its decision when amounts in controversy exceed \$500,000.

### **AB 2688 (Revenue and Taxation Committee). Sales and Use Taxes.**

#### **Chapter 362, Statutes of 2012**

This measure makes several minor changes to revenue and taxation laws.

### **SB 192 (Governance and Finance Committee). Validation Act.**

#### **Chapter 265, Statutes of 2012**

This is the annual Validating Act of 2012. As with 2011, only one of these measures was passed in 2012 due to legislative disputes over the elimination of redevelopment agencies. This measure specifically does not contain any protections for the actions of redevelopment agencies, which remained in existence until Feb. 1, 2012.

### **SB 955 (Pavley). Public Employees' Retirement. Pension Fund Management.**

#### **Chapter 760, Statutes of 2012**

This measure authorizes CalPERS and CalSTRS to prioritize investment of in-state infrastructure projects over alternative out-of-state projects if the investments are consistent with its fiduciary responsibility.

**\*SB 1033 (Budget and Fiscal Review Committee). Local Agency Investment Fund. Chapter 44, Statutes of 2012**

This measure creates the Local Agency Investment Fund (Fund), and allows local governments, school districts and special districts to voluntarily deposit money into the Fund as an investment. The funds can then be used for state cash flow purposes. Investing agencies are required to deposit a minimum of \$200 million.

**SB 1257 (E. Hernandez). Public Transit Vehicles. Utility User's Taxes. Chapter 213, Statutes of 2012**

This measure expands the existing exemption which prohibits the collection of a utility user's tax on compressed natural gas that is separately metered and dedicated to use by public transit vehicles or a local agency, to also cover the consumption of electricity that is separately metered and used to charge batteries to power an electric public transit bus.

**SB 1395 (Rubio). State Auditor. Chapter 281, Statutes of 2012**

This measure renames the "Bureau of State Audits" as the "California State Auditor's Office," and makes other related changes.

**\*SB 1492 (Leno). Voter-Approved Vehicle Assessment. San Francisco. Chapter 838, Statutes of 2012**

This measure authorizes the San Francisco Board of Supervisors to adopt a local surcharge assessment on vehicle registrations within the county for general revenue purposes. This assessment is required to be approved by two-thirds of the members of the board of supervisors then submitted and approved by a majority of the voters. The rate charged on vehicles (the combination of existing rates and the authorized local San Francisco rate) cannot exceed a total of two percent.

**SB 1520 (R. Calderon). Analysis of Proposed State Regulations. Chapter 766, Statutes of 2012 (Urgency)**

This measure makes minor changes to existing law which requires a standardized analysis of the impact of proposed state regulations.

## ***F. State Budget***

**AB 1464 (Blumenfield). Main Budget Bill. Chapter 21, Statutes of 2012**

This measure is the main FY 2012-13 Budget Bill. It includes the "trigger cuts" if the Governor's tax initiative is not approved by the voters in November.

**AB 1465 (Budget Committee). Transportation.****Chapter 22, Statutes of 2012**

This measure makes transfers of transportation-related funding. This will not affect the local shares of the HUTA disbursements. First, the measure transfers the portion of the new HUTA (Prop. 42 replacement) being held for off-highway vehicle purposes to the General Fund until June 30, 2015. Following that date, the funds will transfer to state and local governments. The measure also transfers weight fees to pay for debt costs with any remaining funds going to the General Fund. Finally, the measure allows CalTrans to meet public notice requirements for state projects by publishing the notice on the CalTrans website.

**AB 1467 (Budget Committee). Health.****Chapter 23, Statutes of 2012**

This measure makes various statutory changes to health related programs and transfers several programs between state departments. The measure makes several statutory changes related to Medi-Cal. The measure also extends the sunset date of the California Office of HIPAA (CalOHII) from Jan. 1, 2013 to June 30, 2016, so that continuing and changing federal Health Insurance Portability and Accountability Act (HIPAA) requirements are effectively implemented within the state.

**AB 1468 (Budget Committee). Health.****Chapter 438, Statutes of 2012**

This measure makes additional statutory revisions to health programs necessary to implement the Budget Act.

**AB 1470 (Budget Committee). Department of State Hospitals.****Chapter 24, Statutes of 2012**

This measure makes various technical statutory changes necessary to eliminate the Department of Mental Health (DMH) and establish the Department of State Hospitals (DSH), which will provide oversight, safety, and accountability at the state's five mental health hospitals and other psychiatric facilities. In addition, this measure allows the DSH to recover a greater share of the cost of housing civil commitments if a county has not contracted with the DSH by July 1 of any given fiscal year. Savings are keyed at \$20 million dollars in FY 2012-13.

**AB 1471 (Budget Committee). Human Services.****Chapter 439, Statutes of 2012**

This measure makes statutory and technical changes necessary to implement the human services portion of the budget.

**AB 1472 (Budget Committee). Development Services.****Chapter 25, Statutes of 2012**

This measure achieves \$200 million in reductions from the Department of Developmental Services which administers services for persons with developmental disabilities including residential services in Regional Centers and state-run Developmental Center institutions (DC). This measure creates new billing and admissions systems within DCs in addition to numerous other related programmatic changes to services offered.

**AB 1477 (Budget Committee). Revisions to 2012-13 Budget.****Chapter 630, Statutes of 2012**

This measure makes a variety of revisions to the adopted FY 2012-13 state budget.

**\*AB 1478 (Blumenfeld). State Parks. Finances.****Chapter 530, Statutes of 2012**

This measure makes a number of changes to the budget for state parks including prohibiting the DPR from closing or proposing the closure of a state park in 2012-13 and 2013-14 fiscal years.

**AB 1481 (Budget Committee). Public Safety.****Chapter 342, Statutes of 2012**

This measure makes several changes affecting public safety in the state budget.

**\*AB 1484 (Budget Committee). Redevelopment.****Chapter 26, Statutes of 2012**

This measure contains a comprehensive set of amendments to last year's ABx1 26, the redevelopment dissolution bill. While some of the provisions may be viewed as helpful to local agencies, the measure contains numerous provisions which grant excessive powers to the DOF, establish unrealistic timelines and dispute resolution procedures that lack sufficient due process, and propose expanded state authority to divert local sales and property tax to offset amounts under dispute. Please see Appendix A for additional information and a list of important dates.

**AB 1485 (Budget Committee). 2011-12 Supplemental Appropriations Bill.****Chapter 27, Statutes of 2012**

This measure appropriates funds to various accounts to make up for deficiencies in the 2011-12 Budget Year.

**AB 1487 (Budget Committee). Reconciliation of Controller/DOF Data.****Chapter 343, Statutes of 2012**

This measure establishes various procedures to reconcile financial information and reports produced by the State Controller and DOF.

**AB 1488 (Budget Committee). Department of Mental Health.**  
**Chapter 440, Statutes of 2012**

This measure contains various changes necessary to implement the elimination of the DMH and the creation of the DSH.

**AB 1489 (Budget Committee). Medi-Cal. Nursing.**  
**Chapter 631, Statutes of 2012 (Urgency)**

This measure makes various changes affecting Medi-Cal and nursing facilities.

**\*AB 1492 (Budget Committee). Forestry. Timber Tax.**  
**Chapter 289, Statutes of 2012 (Urgency)**

This measure makes various changes to timber management plans and imposes a new 1 percent assessment on gross revenue from the sales of lumber and engineered wood products. This new assessment will be collected along with the sales and use tax and administered by the BOE. Funds may be used for various purposes including the management of forest lands, and grants to state and local public agencies for fire protection, fire suppression and restoration activities.

**AB 1494 (Budget Committee). Healthy Families/Medi-Cal.**  
**Chapter 28, Statutes of 2012**

This measure modifies the eligibility for the California Children's Services Program and transitions Healthy Families enrollees to Medi-Cal. Also modified is the rate methodology for lab services, upon approval of the federal government.

**AB 1496 (Budget Committee). Criminal Justice Realignment.**  
**Chapter 717, Statutes of 2012**

This measure makes several adjustments to formula funding affecting the Juvenile Justice Subaccount, the Youthful Offender Block Grant Program, and Juvenile Reentry Grants.

**AB 1497 (Budget Committee). 2012-13 Budget Bill Amendments.**  
**Chapter 29, Statutes of 2012**

This measure amends provisions of AB 1464, the 2012-13 Budget Act, to reflect last minute budget negotiations between the Governor and Democratic leadership. Of importance to cities, the \$20 million in non-competitive grants for city police departments are included in the list of trigger cuts. If the Governor's tax initiative (Prop. 30) is approved in November, the grants will take effect. The grant formula and eligibility criteria are to be determined by the BSCC in collaboration with the DOF.

**AB 1499 (Budget Committee). Ballot Order for Statewide Measures.**  
**Chapter 30, Statutes of 2012**

This measure changes the order in which initiatives appear on the ballot. Specifically, the measure requires that bond measures and constitutional amendments, including those placed by the Legislature, appear first. This will ensure that the Governor's November tax initiative (Prop. 30) will receive top billing on the ballot.

**AB 1502 (Budget Committee). UC/CSU Trigger Cuts.****Chapter 31, Statutes of 2012**

This measure contains appropriations for the University of California (UC) and California State University (CSU). In order to receive the money, two conditions must be met: 1) the Governor's November tax initiative (Prop. 30) is approved, and 2) the UC and CSU systems do not increase student tuition in 2012-13.

**SB 81 (Budget and Fiscal Review Committee). Budget Act of 2011. Home to School Transportation.****Chapter 2, Statutes of 2012**

This measure restores a reduction of \$248 million to the Home to School Transportation program and replaces it with a cut of the same amount to school districts, county offices of education and charter school funding in FY 2011-12.

**SB 83 (Budget and Fiscal Review Committee). Budget Act of 2011: Citizens Redistricting Commission.****Chapter 10, Statutes of 2012**

This measure appropriates \$339,000 from the General Fund to the Citizens Redistricting Commission and authorizes additional budget authorizations for the Commission for potential litigation and personnel costs.

**SB 95 (Budget and Fiscal Review Committee). State Cash Resources.****Chapter 1, Statutes of 2012**

This bill increases the availability various funds that could be used as borrowable resources for state cash flow purposes. These are extremely short cash loans, and will have no impact on annual payments from the state. Of possible interest to cities, the measure allows the use of:

- Up to 15 percent of the cash balances in the Highway Users Tax Account, Transportation Investment Fund, Motor Vehicle Fuel Account, Transportation Revolving Account and the State Highway Account to be available for contingency interim financing for critical state highway and local road projects that would otherwise be financed by General Obligation bonds.
- Funds in the Transportation Investment Fund.
- Funds in the Highway Users Tax Account of the Transportation Tax Fund.

The measure also provides a continuous appropriation of HUTA. Therefore, cities will continue to receive appropriations even if the state budget is not passed on time.

**SB 98 (Budget and Fiscal Review Committee). Nursing.****Chapter 4, Statutes of 2012**

This bill reestablishes the Board of Registered Nursing which was repealed on Jan. 1, 2012.

**SB 1006 (Budget and Fiscal Review Committee). General Government.**  
**Chapter 32, Statutes of 2012**

This measure makes multiple changes to statute. Those of most interest to cities are:

- Repeals the Filipino Employee Survey Mandate, which has been suspended every year since 1990;
- Increases the amount of the state-only DNA penalty assessment to \$4 for every \$10 (from \$3 for every \$10). These funds support the DOJ Forensic laboratories;
- Increases oversight responsibilities for CalEMA as they pertain to Prop. 1B Transit and Waterborne programs;
- Expands the Capital Investment Incentive Program to include “qualified research and development facility.” Also transfers duties related to the program from the Business, Transportation and Housing Agency to the Governor’s Office of Business and Economic Development;
- Provides that all state-mandated local programs that are suspended in FY 2012-13 will also be suspended in the FY 2013-14 and FY 2014-15. This measure also prohibits payments for past state-mandated local programs in FY 2012-13, FY 2013-14, and FY 2014-15; and
- Eliminates the sunset date included in AB 1465 (Chapter 22, Statutes of 2012) for the transfer of the portion of new HUTA being held for off-highway vehicle purposes to the General Fund.

**SB 1008 (Budget and Fiscal Review Committee). Medicare and Medi-Cal.**  
**Chapter 33, Statutes of 2012**

This measure authorizes a dual demonstration project for coordinating health care services for persons eligible for both Medicare and Medi-Cal.

**SB 1009 (Budget and Fiscal Review Committee). Health and Human Services.**  
**Chapter 34, Statutes of 2012**

This measure makes comprehensive changes to community-based mental health services at both the state and local levels to implement the 2011 Mental Health Realignment.

**SB 1013 (Budget and Fiscal Review Committee). Child Welfare Realignment.**  
**Chapter 35, Statutes of 2012**

This measure makes programmatic changes to child welfare services and adoption programs related to the realignment adopted as part of the FY 2011-12 budget.

**SB 1014 (Budget and Fiscal Review Committee). Alcohol and Drug Programs.**  
**Chapter 36, Statutes of 2012**

This measure transfers all functions of the Department of Alcohol and Drug Programs into departments within the Health and Human Services Agencies. State and county roles are changed to provide consistency with the 2011 Public Safety Realignment.

**SB 1015 (Budget and Fiscal Review Committee). Tax Enforcement.****Chapter 37, Statutes of 2012**

This measure provides additional General Fund revenues of \$16 million in FY 2011-12 and \$41 million in FY 2012-13 through changes to tax collection procedures and enforcement of tax laws. Specifically, this measure expands the ability of the FTB to impose earnings withholdings; imposes a penalty on certain erroneous refund claims; and expands the use of automated data exchanges (Financial Institution Records Match) to identify accounts of delinquent tax debtors held at financial institutions doing business in California.

**SB 1016 (Budget and Fiscal Review Committee). Education Finance.****Chapter 38, Statutes of 2012**

This measure makes various changes to statutes relating to K-12 and higher education, including financial aid, including eliminating the statute requiring the Proposition 98 guarantee to be held harmless from the effect of the 2010 gas tax swap and the dissolution of redevelopment. The measure also contains “trigger cut” language that will become effective Jan. 1, 2013 unless the Governor’s tax proposal is approved by voters in November.

**\*SB 1018 (Budget and Fiscal Review Committee). Resources.****Chapter 39, Statutes of 2012**

This measure makes various changes in the resources and environmental protection subject areas. Of interest to cities are the following provisions:

- Establishes a new Greenhouse Gas Reduction Fund that will contain all funds collected by a Cap-and-Trade auction or sale of allowances (from an auction) which will be available for appropriation by the Legislature. Requires that all moneys in the new fund be separately identified in the annual Budget Act. Requires the DOF to submit to the Legislature by Jan. 10, 2013 a proposal for a spending plan for the funds, unless a bill is passed by the Legislature before Aug. 31, 2012 that provides a process for a long-term spending strategy;
- Makes four substantial changes to Regional Water Quality Control Boards (RWQCB):
  - Reduces the number of RWQCB members from nine to seven;
  - Removes the associational seats and instead says that the Governor shall approve all seven members of the board as follows:
    - Six members of the board shall be appointed “on the basis of his or her demonstrated interest or proven ability in the field of water quality, including water pollution control, water resource management, water use, or water protection. The Governor shall consider appointments in the public and non-public sectors. In regard to appointments from the non-public sectors, the Governor shall consider including members from key economic sectors in a given region, such as agriculture, industry, commercial activities, forestry, and fisheries. One member shall be appointed as a public member who is not required to meet the terms described above.

- Members shall be appointed on the basis of his or her ability to substantially attend all meetings and shall be representative of the region;
  - Modifies the current income restrictions to say that a person shall not be disqualified from being a member of a RWQCB because that person receives, or has received during the previous two years, a significant portion of his or her income directly or indirectly from a person subject to waste discharge requirements, or an applicant for waste discharge requirements, that are issued by the state board or RWQCB other than the board of which the person is a member; and
  - Adds new “conflict of interest” language for RWQCB members substantially similar to that of other state boards and commissions.
- Provides additional funding to state parks in an effort to avoid park closures.

**\*SB 1020 (Budget and Fiscal Review Committee). Public Safety Realignment. Chapter 40, Statutes of 2012**

This measure enacts a permanent financing structure for the 2011 Realignment, including account structures, funding allocations among accounts and counties, allocations of available growth funding, and protections against additional mandates, and other issues. New provisions reflect those of the Governor’s tax initiative (Prop. 30), which offers constitutional protection for the current share of state sales tax (1.0625 percent) dedicated to realignment, as well as VLF revenues dedicated to the newly created “Enhancing Law Enforcement Activities Subaccount”. This measure also clarifies that without the passage of the Governor’s tax measure, these provisions and allocations are subject to change. Of note to cities:

- Renames the “Supplemental Law Enforcement Services Account” that contains local law enforcement subventions including booking fees and COPS program grants, as the “Enhancing Law Enforcement Activities Subaccount.” VLF revenues continue to be deposited in this account for the same purposes, totaling \$489.9 million. If VLF revenues are not enough to reach this level, additional funds from sales tax revenues will be deposited in the Local Revenue Fund 2011 for this purpose; and
- Creates growth account for the Enhancing Law Enforcement Activities Subaccount (for VLF revenues captured that exceed the \$489.9 million) and provides that on Aug. 25 of each year, 27.08 percent of the Enhancing Law Enforcement Activities Growth Special Account shall be allocated to COPS programs.

**SB 1021 (Budget and Fiscal Review Committee). Public Safety Trailer Bill. Chapter 41, Statutes of 2012**

This measure contains necessary changes to enact the FY 2012-13 Budget Act including:

- Statutory changes for the “Blueprint” Future of California State Corrections (as created in April 2012), which includes accountability measures and mandated audits to be submitted by the CDCR;

- Clean-up language for the creation of the BSCC and assigns new duties including:
  - Moves the Office of Gang and Youth Violence Policy duties from CalEMA to the BSCC.
  - Tasks the BSCC with data collection to measure impacts of the 2011 Realignment in local communities;
- Permits transfer of jail inmates between county facilities in neighboring jurisdictions and permits counties to incarcerate parole violators while awaiting their hearing;
- Programmatic changes to the Department of Juvenile Justice (DJJ) including:
  - A reduction in age of DJJ jurisdiction from 25 to 23 years old;
  - Termination of juvenile parole as of Jan. 1, 2013; and
  - A requirement that counties pay \$24,000 per year for any offender committed to DJJ after July 1. The measure forgives the previous trigger cut requirements where counties would have been required to pay \$125,000 per year to the CDCR;
- Various changes to court fees and funding for the Trial Court Improvement Fund and the Judicial Administration Efficiency and trial court security funding;
- Revisions to internal CDCR employee practices for compensation and staffing levels;
- Expands Female Offender Alternative Custody programs for non-violent, non-serious offenders who are pregnant or primary care givers; and
- Various changes to medical health care services and Medi-Cal enrollment for state inmates.

**SB 1022 (Budget and Fiscal Review Committee). Jail Facilities Financing.**  
**Chapter 42, Statutes of 2012**

This measure makes various changes to the financing authority of state and local agencies to build and repurpose prison and jail facilities, and includes the mandated closure of the California Rehabilitation Center (Norco, California) upon completion of necessary infill projects at other existing inmate facilities.

**\*SB 1023 (Budget and Fiscal Review Committee). Public Safety Realignment.**  
**Chapter 43, Statutes of 2012**

This measure makes numerous changes to policies enacted under the 2011 Public Safety Realignment package. This includes:

- **Booking Fees:** Makes statutory changes consistent with 2011 Public Safety Realignment, including setting the amount available for booking fees at \$35 million per year beginning in FY 2012-13 from the Enhancing Law Enforcement Activities Subaccount within the Law Enforcement Services Account. The measure also removes limitations on the number of times a county may increase the fee and public notification requirements should the counties not be appropriated the full \$35 million in booking fee subventions;

- COPS Funding: Specifies that 21.86 percent per program of the funds deposited in the Enhancing Law Enforcement Activities Subaccount be allocated to the COPS and JJCPA (provides funding for juvenile probation services) programs. This will provide \$107.1 million per year for each of these programs;
- Requires local law enforcement to provide local summary criminal history information to public defenders or district attorneys in post-release community supervision or mandatory supervision revocation hearings;
- Adds a dozen new felony offenses to those that qualify for state prison time rather than jail sentences, including assault against a peace officer and evading a peace officer, sexual acts with a minor under 14 years of age, weapons production, and sale of a controlled substance to a minor;
- Permits counties subject to jail population caps to release inmates 30 days prior to their scheduled release, expanding from the currently permitted five-day period prior to their scheduled release;
- Clarifies parole and parole procedures, including revocation for mandatory supervision, post-release community supervision, and probation; and
- States sentencing for multiple offenses that carries both state prison and county jail time will result in a state prison sentence.

**SB 1028 (Budget and Fiscal Review Committee). Education Finance.  
Chapter 575, Statutes of 2012**

This measure makes various technical and clarifying changes related to education funding in the budget.

**SB 1029 (Budget and Fiscal Review Committee). High Speed Rail Funding.  
Chapter 152, Statutes of 2012**

This measure appropriates funding for the initial portion of the state high speed rail project.

**\*SB 1033 (Budget and Fiscal Review Committee). Local Agency Investment Fund.  
Chapter 44, Statutes of 2012**

This measure creates the Local Agency Investment Fund (Fund), and allows local governments, school districts and special districts to voluntarily deposit money into the Fund as an investment. The funds can then be used for state cash flow purposes. Investing agencies are required to deposit a minimum of \$200 million.

**SB 1036 (Budget and Fiscal Review Committee). In-Home Supportive Services.  
Chapter 45, Statutes of 2012**

This measure integrates In-Home Supportive Services into managed care as part of the long term services and supports integration included in the dual demonstration project authorized in AB 1468 (Chapter 438, Statutes of 2012).

**SB 1038 (Budget and Fiscal Review Committee). State Government Organization. Chapter 46, Statutes of 2012**

This measure makes multiple changes to the structure of state government, including:

- Moves the State Mediation and Conciliation Services from the DIR to the PERB;
- Transfers the Commission on Uniform State Laws to the Legislative Counsel Bureau;
- Eliminates the Fair Employment and Housing Commission and instead forms a council within the Department of Fair Employment and Housing to conduct public hearings and regulatory actions;
- Eliminates the Division of Labor Statistics and Research and transfers the duties, including public works (prevailing wage) enforcement within to the Division of Occupational Health and Safety and the Division of Labor Standards Enforcement in the DIR;
- Makes changes to the Division of Apprenticeship Standards. The measure requires any public works project awarding agency to submit the report regarding apprenticeship employment to the DIR rather than the Division;
- Extends the time limit for a contractor to request a review of debarment or civil penalty resulting from committing a serious violation of labor laws from 30 days to 60 days; and
- Reduces the membership of the California Unemployment Insurance Appeals Board from seven members to five members and requires that all members be attorneys at law.

**SB 1041 (Budget and Fiscal Review Committee). Human Services. Chapter 47, Statutes of 2012**

This measure makes various statutory changes to social services programs including provisions related to CalWORKs and In-Home Support Services.

## VIII. Transportation, Communication, and Public Works

### *A. Contracting*

**\*AB 1598 (Buchanan). Public Contracts. Public Works Installation.  
Chapter 810, Statutes of 2012**

This measure modifies the definition of “installation” as it relates to the payment of prevailing wages to include the assembly and disassembly of freestanding and affixed modular office systems.

**\*AB 1783 (Perea). Public Contracts. Small Business Preferences.  
Chapter 114, Statutes of 2012**

This measure allows local agencies to have access to the DGS list of certified small business for use as a reference for local programs and eliminates the ability of a local government to certify small businesses independently. Local governments will continue to be able to set additional criteria for local preference purposes.

**AB 2677 (Swanson). Public Works Wages. Employer Payment Contributions.  
Chapter 827, Statutes of 2012**

This measure codifies current DIR opinions that state that increased employer payment resulting in a lower hourly straight time or overtime wage is not considered to be a violation of the applicable prevailing wage determination so long as that total hourly package equals the correct prevailing wage rule. This most often comes into question when an employee or contractor elects to have additional funds deducted from their paycheck and deposited in a supplemental pension account or a health care reserve.

**\*SB 829 (Rubio). Public Contracts. Project Labor Agreements.  
Chapter 11, Statutes of 2012**

This measure prohibits state funding or financial assistance to be used on any project awarded by a charter city that has a provision, initiative, or ordinance that prohibits, limits, or constrains the authority or discretion to adopt, require, or utilize a project labor agreement.

### *B. Local Authority*

**\*SB 1388 (DeSaulnier). Parking. Parking Meters.  
Chapter 70, Statutes of 2012**

This measure allows a vehicle to park in any parking space with an inoperable parking meter or parking payment center for up to the posted time limit. It allows a city or county to enact and enforce an ordinance that provides for a different policy, provided the policy is posted using signs or markings. The measure defines “inoperable parking meter” and “parking payment center” for the purposes of the section.

## ***C. Vehicles***

### **AB 1536 (Miller). Vehicles. Electronic Wireless Communications. Prohibitions. Chapter 92, Statutes of 2012**

This measure makes changes to the hands-free law to allow drivers to dictate, send, or listen to text-based communications as long as they do so using technology specifically designed and configured to allow voice-operated and hands-free operation.

### **AB 1922 (Lara). Heavy-Duty Vehicles. Smoke Emissions. Chapter 242, Statutes of 2012**

This measure requires the owners of heavy-duty diesel motor vehicles to perform smoke opacity inspections and any necessary repairs on or before December 31 of each year. This allows vehicle fleet owners to consolidate the testing of vehicles rather than having vehicles tested throughout the year.

### **AB 2291 (Blumenfield). Vehicles. Advertising Signs. Chapter 373, Statutes of 2012**

This measure clarifies existing "mobile billboard" law by defining a "permanently affixed" advertising sign, which is excluded from the law, and by exempting paper advertisements issued by a dealer contained within license plate frames and on license plate frames themselves installed in compliance with existing law. "Permanently affixed" is defined as any sign "painted directly on the body of a motor vehicle, applied as a decal on the body of a motor vehicle, or placed in a location on the body of a motor vehicle that was specifically designed by a vehicle manufacturer for the express purpose of containing an advertising sign."

### **AB 2502 (Blumenfield). Vehicles. Conditional Sales Contracts. Chapter 675, Statutes of 2012 (Urgency)**

This measure requires an additional written disclosure whenever an electric vehicle charging station and electric vehicle are sold and financed together. The disclosure will include the total amount charged by the seller for an electric vehicle charging station, including a description and price of the electric vehicle charging station, any materials and wiring, and equipment installation services included.

### **SB 12 (Corbett). Vehicles. Aerodynamic Devices. Chapter 727, Statutes of 2012**

This measure adds aerodynamic devices to the list of equipment that may extend three inches (on each side) beyond the maximum allowable outside width of a vehicle or its load. The devices cannot adversely impact the vehicle's swept width and turning characteristics and their primary use cannot be advertising. The measure also defines "aerodynamic devices" as devices that minimize drag and improve airflow over and around a vehicle.

**SB 880 (Corbett). Common Interest Developments. Electric Vehicle Charging Stations.****Chapter 6, Statutes of 2012 (Urgency)**

This measure makes the following changes to electric vehicle charging stations in common interest developments:

- Governing documents of a common interest development may not prohibit the installation of an electric vehicle charging station in an owner's designated parking space;
- Requires electric vehicle charging stations to meet applicable zoning, land use, other ordinances, or land use permits;
- Authorizes associations or owners in an association to install an electric vehicle charging station in the common area for the use of all the owners of the association;
- Authorizes associations to create a new parking space to facilitate the installation of an electric vehicle charging station; and
- Specifies that homeowner liability coverage is not required if a homeowner uses an existing National Electrical Manufacturers Association standard alternating current power plug to charge the car.

**SB 1174 (Walters). Vehicle Length Limitations. Motorsports.****Chapter 292, Statutes of 2012**

This measure increases the legal length of truck tractor-semitrailers used primarily for motorsports to 56 feet. The previous length limitation was 46 feet. CalTrans is required to conduct a field test on the operation of the longer vehicles. The measure sunsets on Jan. 1, 2016.

**SB 1298 (Padilla). Autonomous Vehicles. Safety and Performance Standards.****Chapter 570, Statutes of 2012**

This measure allows an autonomous vehicle to be operated on public roads for testing purposes by a properly licensed driver who is an employee, contractor, or other person designated by the manufacturer of the autonomous technology.

***D. Gas Pipelines*****AB 578 (Hill). Public Utilities. Natural Gas Pipeline Safety.****Chapter 462, Statutes of 2012**

This measure requires that the PUC respond to a National Transportation Safety Board (NTSB) safety recommendation letter within 90 days and requires the PUC to issue orders or adopt rules, as appropriate, to ensure that recommendations are implemented as soon as is practicable.

**AB 1511 (Bradford). Real Property. Disclosures. Transmission Pipelines.**  
**Chapter 91, Statutes of 2012**

This measure requires residential real estate sale contracts to include a notice informing purchasers about the existence of a database where information regarding gas and hazardous liquid transmission pipelines can be obtained.

**\*AB 1650 (Portantino). Public Utilities. Emergency and Disaster Preparedness.**  
**Chapter 472, Statutes of 2012**

This measure requires the PUC to establish standards for disaster and emergency preparedness plans within an existing procedure and requires regulated electric and gas utilities to develop, adopt, and update an emergency and disaster preparedness plan every two years. During the plan development, regulated electric and gas utilities must meet with cities and counties in their service areas when updating utility emergency and disaster preparedness plans. If issues are security sensitive, the meeting with the city or county may be a closed door meeting.

**AB 1694 (Fuentes). Gas Pipeline Safety Inspections.**  
**Chapter 112, Statutes of 2012**

This measure permits the PUC to inspect mobilehome parks and propane suppliers at least once every seven years utilizing a risk-based assessment schedule, as opposed to current law which requires inspections every five years. The goal of this change is to allow PUC inspectors more time to focus on integrity management and transmission pipelines statewide.

**AB 2201 (Bradford). Elder California Pipeline Safety Act of 1981. Civil Penalties.**  
**Chapter 481, Statutes of 2012**

This measure raises the civil penalties associated with violations of the Elder California Pipeline Safety Act of 1981 (Act) as follows: 1) Increases from \$10,000 to \$200,000 the civil penalties for each day that a violation of the Act persists, and 2) Increases the maximum civil penalties for any related series of violations of the Act from \$500,000 to \$2 million. The penalties are being raised at the request of the USDOT's Pipeline and Hazardous Materials Safety Administration (PHMSA), and will ensure that California continues to receive federal pipeline safety grant funding.

**\*AB 2559 (Buchanan). Local Government. Pipeline Projects Approval.**  
**Chapter 486, Statutes of 2012**

This measure requires that gas corporations notify a city whenever a pipeline integrity plan may result in pipeline inspection, remediation, or replacement work in the jurisdiction. Also, the bill requires the city to act on any permitting or other actions necessary to complete the work within 10 days.

**AB 2564 (Ma). Environmental Quality. Pipelines. Project Applicants.**  
**Chapter 487, Statutes of 2012 (Urgency)**

This measure expands the application of an existing CEQA exemption for pipeline projects less than one mile in length relating to expedited safety enhancements.

## ***E. Communications***

### **SB 1161 (Padilla). Voice Over Internet Protocol and Internet Protocol Enabled Communications Service.**

#### **Chapter 733, Statutes of 2012**

This measure prohibits the PUC or any other state department, agency, commission, or political subdivision of the state (including cities and counties) from regulating Voice over Internet Protocol (VoIP) unless authorized by federal law and expressly authorized by statute. The measure includes several exemptions including CEQA, utility users taxes, and the use of public right-of-ways.

## ***F. Financing***

### **AB 1465 (Budget Committee). Transportation.**

#### **Chapter 22, Statutes of 2012**

This measure makes transfers of transportation-related funding. This will not affect the local shares of the HUTA disbursements. First, the measure transfers the portion of the new HUTA (Prop. 42 replacement) being held for off-highway vehicle purposes to the General Fund until June 30, 2015. Following that date, the funds will transfer to state and local governments. The measure also transfers weight fees to pay for debt costs with any remaining funds going to the General Fund. Finally, the measure allows CalTrans to meet public notice requirements for state projects by publishing the notice on the CalTrans website.

### **AB 1770 (B. Lowenthal). California Transportation Financing Authority.**

#### **Chapter 316, Statutes of 2012**

This measure clarifies definitions contained in California Transportation Financing Authority (CTFA) enabling statutes. It clarifies that the CTFA may approve rail projects that are, or include, rolling stock and also provides that a project may be eligible for financing under CTFA if it is owned or operated (rather than owned and operated) by Caltrans or other project sponsor.

### **AB 1915 (Alejo). Safe Routes to Schools.**

#### **Chapter 640, Statutes of 2012**

This measure allows up to 10 percent of the state's Safe Routes to School program funds to be used to assist eligible recipients in making infrastructure improvements that create safe routes to schoolbus stops that are located outside the vicinity of schools. The funding cannot be used for schoolbus shelters.

### **SB 1485 (Kehoe). Fuel Taxes. Blended Fuels.**

#### **Chapter 493, Statutes of 2012**

This measure clarifies that gasoline used to make blended fuels is exempt from California's motor vehicle fuel tax provided it is taxed under the use fuel tax law.

## ***G. Environmental Considerations***

### **AB 296 (Skinner). Department of Transportation. Paving Materials.**

#### **Chapter 667, Statutes of 2012**

This measure requests that CalEPA develop a standard definition of “urban heat island effect” and that CalTrans use that definition to develop a standard specification for sustainable or cool pavements that can reduce the urban heat island effect. Following both these actions, the measure requires the California Building Standards Commission to consider incorporating the CalTrans specification as an additional strategy for Heat Island Effect: Hardscape Alternatives in the California Green Building Standards Code.

### **AB 812 (Ma). Solid Waste. Recycled Asphalt.**

#### **Chapter 230, Statutes of 2012**

This measure authorizes CalTrans to develop specifications for the use of recycled asphalt (RAP) of up to 40 percent for hot mix asphalt mixes by Jan. 1, 2014. Also, the measure requires CalTrans to report progress of the development and implementation of the specifications to the legislature by March 1, 2016.

## ***H. Rail and Public Transit***

### **AB 16 (Perea). High-Speed Rail Authority.**

#### **Chapter 413, Statutes of 2012**

This measure requires the HSRA to make every effort to purchase high-speed train rolling stock and related equipment that are manufactured in California, consistent with federal and state laws.

### **AB 41 (Hill). High-Speed Rail Authority. Conflicts of Interest. Disqualification.**

#### **Chapter 626, Statutes of 2012**

This measure adds members of the HSRA to the list of specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly, under the PRA.

### **AB 492 (Galgiani). Public Transportation Agencies. Administrative Penalties.**

#### **Chapter 366, Statutes of 2012**

This measure allows public transit agencies to adopt an alternative adjudication process for minor transit violations occurring at their transit facilities, similar to the process used for issuing and enforcing parking tickets.

### **AB 890 (Olsen). Environment. CEQA Exemption. Roadway Improvement.**

#### **Chapter 528, Statutes of 2012**

This measure exempts from CEQA repair, maintenance, and minor alterations of existing roadways, provided the project is carried out by a city or county to improve public safety, does not cross a waterway, and involves negligible or no expansion of an existing use. The exemption sunsets Jan. 1, 2016.

**\*AB 1706 (Eng). Vehicles. Transit Bus Weights.****Chapter 771, Statutes of 2012**

This measure makes changes to bus weight limits for public transit buses. Specifically, the measure permits the operation of overweight transit buses procured before Jan. 1, 2013. The measure also allows, for the period of Jan. 1, 2013 to Jan. 1, 2015, transit operators to purchase, for the purpose of replacing an existing bus, new overweight transit buses to replace existing buses of equal or lesser weight. Transit operators will also be able to incorporate a new fleet class if its governing board adopts a finding at a public hearing that the fleet class expansion or change in fleet classes is necessary to address a need to serve a new or existing market pursuant to its most recently adopted short-range transit plan, or to meet a federal, state, or regional statutory or regulatory requirement, and includes a consideration of vehicle needs and fleet size. All impacted cities and counties must also receive notice of the new fleet class.

The measure also requires state regulatory agencies that are required to promulgate administrative regulations to take into account vehicle weight impacts and the ability of vehicle manufacturers and vehicle operators to comply with laws limiting the weight of vehicles.

**AB 2104 (Gordon). Vehicles. Conditions or Regulations.****Chapter 724, Statutes of 2012**

This measure clarifies that public transportation agencies have the authority to regulate parking and may remove vehicles from their facilities in a similar manner that cities and counties may regulate parking and remove vehicles.

**\*AB 2247 (B. Lowenthal). Public Transportation. Offenses.****Chapter 750, Statutes of 2012**

This measure creates a new crime for the unauthorized sales or peddling of any good, merchandise, property, or services in a transit facility or vehicle and specifies fines and community service penalties, if not authorized by the respective transit agency.

**SB 1225 (Padilla). Intercity Rail Agreements.****Chapter 802, Statutes of 2012**

This measure authorizes a locally-controlled joint powers authority (JPA) to assume administrative responsibilities for a state-supported rail passenger corridor. The measure sunsets on Jan. 30, 2015.

**SB 1257 (E. Hernandez). Public Transit Vehicles. Utility User's Taxes.****Chapter 213, Statutes of 2012**

This measure expands the existing exemption which prohibits the collection of a utility user's tax on compressed natural gas that is separately metered and dedicated to use by public transit vehicles or a local agency, to also cover the consumption of electricity that is separately metered and used to charge batteries to power an electric public transit bus.

## ***I. Other***

### **AB 441 (Monning). Transportation Planning.**

#### **Chapter 365, Statutes of 2012**

This measure requires the CTC to attach a summary of policies, practices, or projects that have been used by metropolitan planning organizations that promote health and health equity to the commission's next revision of the regional transportation planning guidelines.

### **\*AB 819 (Wieckowski). Bikeways.**

#### **Chapter 716, Statutes of 2012**

This measure requires CalTrans to establish procedures for cities, counties and other local agencies to request approval to use nonstandard planning, design, and construction features in the construction of bikeways and roadways where bicycle travel is permitted by June 30, 2013. CalTrans is required to submit a report to the legislature by Nov. 1, 2014 regarding any requests received and the outcome of those requests.

### **AB 1458 (Buchanan). California Transportation Commission.**

#### **Chapter 138, Statutes of 2012**

This measure makes changes to GRP 2 (Statutes of 2012). Specifically, this measure retains the CTC's status as an independent entity.

### **AB 1518 (Perea). Weighmasters. Automated Weighing Systems.**

#### **Chapter 344, Statutes of 2012**

This measure allows a weighmaster weighing any vehicle moving construction materials to use an unattended weighing system at the buyer's discretion. The system and the operation of the system must comply with regulations or policies issued by the California Department of Food and Agriculture.

### **AB 2245 (Smyth). California Environmental Quality Act. Bikeway Exemption.**

#### **Chapter 680, Statutes of 2012**

This measure exempts specific bike lane projects from CEQA until 2018. For bike lane projects to be eligible for the exemption, they must be a Class II bikeway undertaken by a city or county within an existing right-of-way, be in an urbanized area and consistent with a local bicycle transportation plan. In addition, the city or county will need to assess traffic and safety impacts and hold a public hearing to review the impacts.

### **AB 2679 (Transportation Committee). Transportation Omnibus Bill.**

#### **Chapter 769, Statutes of 2012**

This measure makes various technical, non-controversial, transportation-related changes to the Government Code, Public Utilities Code, Revenue and Taxation Code, Streets and Highways Code, and Vehicle Code.

**SB 415 (Price). State Highways Relinquishment.**  
**Chapter 353, Statutes of 2012**

This measure allows the CTC to relinquish a park-and-ride lot to a county transportation commission or to a regional transportation planning agency if the relinquishment is found to be in the best interests of the state.

## IX. State Government Reorganization

### **AB 1019 (Buchanan). State Government.**

#### **Chapter 137, Statutes of 2012**

This measure makes changes to GRP 2 (Statutes of 2012). It maintains the Delta Stewardship Council as an independent body and recasts the original statutory relationships among the California Science Center, the California African American Museum, and the Office of Exposition Park Management.

### **AB 1458 (Buchanan). California Transportation Commission.**

#### **Chapter 138, Statutes of 2012**

This measure makes changes to GRP 2 (Statutes of 2012). Specifically, this measure retains the CTC's status as an independent entity.

### **AB 1498 (Buchanan). Department of Technology. State Contracts. Information Technology Goods and Services Acquisition.**

#### **Chapter 139, Statutes of 2012**

This measure makes changes to GRP 2 (Statutes of 2012). It maintains the direct reporting relationship to the Governor for the State Chief Information Officer and states legislative intent for the Governor to develop a transition plan for information technology procurement authority from DGS to the Department of Technology.

### **\*GRP 2 (Governor). Governor's Reorganization Plan. Reorganization of Executive Branch.**

#### **Chaptered, Statutes of 2012**

This plan revises the structure of various state agencies, departments, and boards. It has an operative date of July 1, 2013 in order to allow time for the impacted agencies to plan for the necessary transfers of roles, responsibilities, funding, staff, data and relevant assets. In summary, the GRP eliminates the State and Consumer Services Agency (SCSA), Business, Transportation and Housing Agency (BTH), and Technology Agency (TA), and establishes the following agencies in their stead. Several changes were made to the GRP in subsequent legislation, and more changes may be made early next year.

#### **Business and Consumer Services Agency**

##### Department of Consumer Affairs

- State Board of Chiropractic Examiners
- Bureau of Real Estate
- Bureau of Real Estate Appraisers
- Structural Pest Control Board

##### Department of Housing and Community Development

- California Housing Finance Agency

##### Department of Fair Employment and Housing

##### Department of Business Oversight

##### Department of Alcoholic Beverage Control

##### Alcoholic Beverage Control Appeals Board

California Horse Racing Board  
Alfred E. Alquist Seismic Safety Commission

Government Oversight Agency

Office of Administrative Law  
Department of Technology  
CalPERS  
CalSTRS  
State Personnel Board  
California Victim Compensation and Government Claims Board  
Department of General Services

- California Building Standards Commission

Franchise Tax Board  
Department of Human Resources

Transportation Agency

California Highway Patrol  
California Transportation Commission  
Department of Motor Vehicles  
CalTrans  
High-Speed Rail Authority  
Board of Pilot Commissioners  
California Traffic Safety Program

Governor's Office of Business and Economic Development

Small Business Loan Guarantee Program  
Office of Tourism  
California Infrastructure and Economic Development Bank  
California Film Commission

- Film California First Program

Natural Resources Agency

- Adds Exposition Park (California Science Center and California African American Museum);
- Changes the Department of Boating and Waterways to the Division of Boating and Waterways and moves it within the Department of Parks and Resources; and
- Removes CalRecycle

Environmental Protection Agency

Adds CalRecycle

Other

- Eliminates the California Emergency Management Agency (CalEMA) and transfers all the authority and responsibilities to the re-established Governor's Office of Emergency Services;
- Abolishes the Secretary and Office of Service & Volunteering; and
- Consolidates the support, investigatory, auditing, and compliance functions of the California Gambling Control Commission and transfers those duties to the DOJ. The Commission retains jurisdiction over the licensing, policies, regulations, criteria, and standards pertaining to gaming.

**SB 71 (Leno). Government Reports Elimination.****Chapter 728, Statutes of 2012**

This measure eliminates over 200 state reports, including:

- The DOF annual report on statutes that have resulted in local agencies incurring costs or revenue losses that were not identified when the statute was enacted.
- The Department of Public Health report to legislative fiscal and policy committees on small water systems including options for meeting safe drinking water standards;
- The California Bay-Delta Authority annual report on the state's efforts to acquire long-term purchase contracts and permanent water rights;
- The State Water Board annual report on nonpoint source pollution;
- Reports by the Controller to the Legislature over administration of fees collected by counties on vehicle registrations used for various law enforcement related programs;
- An annual report by CalTrans on the use of waste tires in transportation projects; and
- The requirement for another state agency to respond to a recommendation from the California Resources Agency, and related departments, boards and commissions on how they may carry out their functions.

**SB 1038 (Budget and Fiscal Review Committee). State Government Organization.****Chapter 46, Statutes of 2012**

This measure makes multiple changes to the structure of state government, including:

- Moves the State Mediation and Conciliation Services from the DIR to the PERB;
- Transfers the Commission on Uniform State Laws to the Legislative Counsel Bureau;
- Eliminates the Fair Employment and Housing Commission and instead forms a council within the Department of Fair Employment and Housing to conduct public hearings and regulatory actions;
- Eliminates the Division of Labor Statistics and Research and transfers the duties, including public works (prevailing wage) enforcement within to the Division of Occupational Health and Safety and the Division of Labor Standards Enforcement in the DIR;
- Makes changes to the Division of Apprenticeship Standards. The measure requires any public works project awarding agency to submit the report regarding apprenticeship employment to the DIR rather than the Division;

- Extends the time limit for a contractor to request a review of debarment or civil penalty resulting from committing a serious violation of labor laws from 30 days to 60 days; and
- Reduces the membership of the California Unemployment Insurance Appeals Board from seven members to five members and requires that all members be attorneys at law.

**SB 1039 (Steinberg). State Government Organization.**

**Chapter 147, Statutes of 2012**

This measure eliminates the State and Consumer Services Agency and instead establishes the State Business, Consumer Services and Housing Agency. Among the departments consolidated into this new agency are the Department of Consumer Affairs, HCD, Department of Fair Employment and Housing, Department of Business Oversight, Department of Alcoholic Beverage Control, Alcoholic Beverage Control Board, California Horse Racing Board, and the Seismic Safety Commission.

## Appendix A – Additional Resources



## Summary of Major Provisions of AB 1484 (Redevelopment)<sup>1</sup>

### 1. Three payments: Successor agency must make three payments:

- Jul. 12: Taxing entities' share of December 2011 property tax distribution to redevelopment agency/successor agency
- Nov. 9+/-: Low-Moderate Income Housing Fund
- Apr. 10 +/-: Unencumbered cash

In addition to these three payments, if a successor agency did not make complete 2011-12 pass-through payments, amount of payment not made will be deducted from property tax distribution from auditor-controller.<sup>2</sup>

### 2. New audit by Oct. 1: Successor agency must retain licensed accountant to audit books:<sup>3</sup>

- Audit of LMIHF
- Audit of cash assets
- Audit of cash transfers to public agencies and private parties<sup>4</sup>

### 3. New penalties:

- Failure to make July 12 payment: Successor agency subject to civil penalty of 10 percent of the amount owed plus 1.5 percent of the amount owed for each month that payment is not made unless DOF finds that payment of penalty will jeopardize payment of enforceable obligations. Until payment is made, successor agency may only pay bond debt. City subject to same civil penalty. City will not receive July 18 sales tax payment (up to amount owed).<sup>5</sup>
- Failure to transfer LMIHF funds: Offset of city sales tax or property tax of the amount required to be transferred.<sup>6</sup>
- Failure to transfer cash assets: Offset of city sales tax or property tax of the amount required to be transferred.<sup>7</sup>
- Failure to recover cash transferred to local agency without enforceable obligation: Offset of sales tax or property tax of the local agency to which the cash was transferred.<sup>8</sup>
- Failure to submit ROPS by Sept. 1, 2012 and subsequent deadlines: City to pay civil penalty of \$10,000 per day for each day beyond deadline.

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<sup>1</sup> The League will continue to refine this analysis with the assistance of its RDA Attorney Working Group and other city officials.

<sup>2</sup> Additional information about these payments is found in the Appendix to this summary.

<sup>3</sup> Agreed-upon procedures audit completed by auditor-controller can substitute for the licensed accountant audit if it includes all statutory requirements.

<sup>4</sup> Successor agency must attempt to recover cash transferred to public agency without an enforceable obligation.

<sup>5</sup> Section 34183.5(b)(2)

<sup>6</sup> Section 34179.6(h)

<sup>7</sup> Section 34179.6(h)

<sup>8</sup> Section 34179.6(h); see, also 34179.8

**4. Safe Harbor: Finding of Completion<sup>9</sup>**

The DOF will issue a finding of completion to a successor agency that pays the following amounts:

- The amount determined in the audit of the LMIHF<sup>10</sup>
- The amount determined in the audit of all other funds<sup>11</sup>
- The amount (if any) owing to taxing entities from the December 2011 property tax payment<sup>12</sup>

The following applies to a successor agency that is issued a finding of completion:

- Loan agreements entered into between the redevelopment agency and the city are deemed to be enforceable obligations if oversight board makes a finding that loan was for legitimate redevelopment purposes. As enforceable obligations, payments are listed on ROPS.<sup>13</sup>

Repayments of loans may not begin prior to 2013-14 fiscal year at maximum amount described in statute. Repayment amounts received by city must first be used to retire outstanding amounts borrowed and owed to LMIHF of the former redevelopment agency for purposes of the SERAF payment. Twenty percent of loan repayment amount must be transferred to LMIH Asset Fund.<sup>14</sup>

- Bond proceeds derived from bonds issued on or before Dec. 31, 2010 shall be used for the purposes for which the bonds were sold. Proceeds which cannot be spent consistent with bond covenants shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.<sup>15</sup> Use of bond proceeds listed on ROPS.<sup>16</sup>
- Real property assets: In lieu of the provisions of ABx1 26 which require disposal of real property assets at the direction of the oversight board, successor agency prepares a long-range property management plan and submits to oversight board and DOF for approval. Permissible uses of property include retention for governmental use; retention for future development; sale of property; use of the property to fulfill enforceable obligations. If plan directs use or liquidation of

<sup>9</sup> Section 34191.1

<sup>10</sup> Section 34179.6

<sup>11</sup> Section 34179.6

<sup>12</sup> Section 34183.5

<sup>13</sup> DOF continues to retain final authority to approve items listed on ROPS.

<sup>14</sup> 34191.4(b)(2)

<sup>15</sup> Section 34191.4(c)

<sup>16</sup> DOF continues to retain final authority to approve items listed on ROPS.

property for a project identified in an approved redevelopment plan, the property shall transfer to the city. No transfers until plan approved by oversight board and DOF.<sup>17</sup>

- Statute of Limitations: The longer statutes of limitations (two years) to challenge actions of the former redevelopment agencies do not apply.<sup>18</sup>

### **5. New Power of State Controller<sup>19</sup>**

AB 1484 directs the Controller to review the activities of successor agencies to determine whether an asset transfer occurred after Jan. 31, 2012, between the successor agency and the city or county that created the redevelopment agency, or any other public agency that was not pursuant to an enforceable obligation on an approved ROPS. The Controller is directed to order the assets returned to the successor agency. “City” is defined very broadly to include any entity which is controlled by the city or for which the city is financially responsible or accountable.<sup>20</sup>

### **6. Increase in Authority for Department of Finance**

- DOF may eliminate or modify any item on an oversight board-approved ROPS. The auditor-controller must distribute property tax in accordance with changes made to the ROPS by DOF. If successor agency disputes DOF action, disputed item may be carried on ROPS. If dispute resolved in favor of successor agency in the future, the past allocation of property tax to the successor agency is not changed nor is a “liability” created for any affected taxing entity.<sup>21</sup>
- DOF may review and object to oversight board actions approving (1) establishment of new repayment terms for outstanding loans; and (2) setting aside amounts in reserves as required by bond indentures, and similar documents.<sup>22</sup>

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<sup>17</sup> Section 34191.5

<sup>18</sup> Section 33500, 33501

<sup>19</sup> Section 34178.8

<sup>20</sup> Section 34167.10. ABx1 26 directed the State Controller to review asset transfers from redevelopment agencies to the city or county that created the agency that occurred after Jan. 1, 2011. If the city or county was not contractually committed to a third party for the expenditure or encumbrance of those assets, the Controller was directed to order the return the assets to the redevelopment agency or successor agency.

<sup>21</sup> Section 34179(h)

<sup>22</sup> Section 34181(f)

## 7. New Restrictions on Authority of Successor Agency

- No new enforceable obligations except (1) as specifically authorized by the statute; (2) in compliance with enforceable obligations that existed prior to June 28, 2011; or (3) to hire staff, acquire professional services and procure insurance.<sup>23</sup>
- May not transfer revenues or powers to any other public or private party except pursuant to enforceable obligation on an approved ROPS. Any such transfer of authority or revenues are “void” and successor agency required to reverse transfers. Controller may audit and order return of transfers of authority or revenues.<sup>24</sup>
- Actions taken by redevelopment agencies pursuant to VARP (Voluntary Alternative Redevelopment Program in ABx1 27) are “ultra vires” and do not create enforceable obligations.<sup>25</sup>
- If successor agency exercised power to reenter into agreements with city (section 34178) and agreement was approved by oversight board but rejected by DOF, successor agency and oversight board may not act to restore funding for the reentered agreement.<sup>26</sup>
- No reestablishment of loan agreements between successor agency and city except pursuant to safe harbor provisions.<sup>27</sup>

## 8. Miscellaneous

- City loans to successor agency: City may loan or grant funds for administrative costs, enforceable obligations or project-related expenses. Receipt and use of these funds shall be reflected on the ROPS or in the administrative budget subject to oversight board approval. An enforceable obligation is created for repayment of loans.<sup>28</sup>
- New Oversight Board Provisions<sup>29</sup>
  - Auditor-controller may determine “largest special district”.
  - Section 1090 does not apply to employee representative on oversight board.

<sup>23</sup> Section 34177.3(a); 34177.3(b)

<sup>24</sup> Section 34177.3(c)

<sup>25</sup> Section 34177.3(d)

<sup>26</sup> Section 34178(a)

<sup>27</sup> Section 34180(a)

<sup>28</sup> Section 34175(h)

<sup>29</sup> Section 34180

- Oversight board members are protected by immunities applicable to public entities and public employees.
- Meetings at which oversight board will consider disposal of successor agency assets or allow set-aside of reserves required by bond indentures requires 10 days' public notice.<sup>30</sup>
- Written notice and information about all oversight board actions must be provided to DOF by electronic means. DOF has 40 (instead of 10) days to review and approve, reject, or modify oversight board action.
- Oversight board may direct successor agency to provide additional legal or financial advice.
- Authorized to contract with the county or other public or private agencies for administrative support.
- On matters within its purview, decisions made by oversight board "supersede those made by the successor agency or the staff of the successor agency."<sup>31</sup>
- New authority for auditor-controller<sup>32</sup>: A county auditor-controller can object to an item on the ROPS or to the funding source listed for an item on the ROPS. Objections are sent to DOF to resolve.
- Polanco Act protection for successor agency: Clean-up plans and liability limits of redevelopment agency transferred to successor agency and to housing entity, upon entity's request.<sup>33</sup>
- Limited authority for successor agency to refinance existing debt.<sup>34</sup>
- Successor agency is separate public entity.<sup>35</sup>

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<sup>30</sup> Section 34181(f)

<sup>31</sup> Section 34179

<sup>32</sup> Section 34182.5

<sup>33</sup> Section 34173(f)

<sup>34</sup> Section 34177.5

<sup>35</sup> Section 34173(g)

## Appendix – Successor Agency Required Payments/Fund Transfers

- **Transfer of Unencumbered Balances**<sup>36</sup>

ABx1 26 requires that a successor agency transfer unencumbered cash balances and low and moderate income housing funds to the county auditor-controller for distribution to the taxing entities. AB 1484 requires a successor agency to retain the services of a licensed accountant to audit (1) the balance in the LMIHF; (2) the balance in other cash funds; (3) cash payments that were made in compliance with an enforceable obligation; and (4) cash transfers that were made without an enforceable obligation. In addition to transferring the balances in the LMIHF and other cash funds, a successor agency must make efforts to recover the cash transferred without an enforceable obligation.

- **Payment of December 2011 Taxing Entity Property Tax**<sup>37</sup>

ABx1 26 distributes property tax through a “waterfall” of payments which includes passthrough payments, payments to successor agencies for enforceable obligations, payments to successor agencies for administrative costs, and payments to taxing entities. The waterfall for the December 2011 property tax payment did not operate as intended because of the stay imposed by the court in *Matosantos*. The property tax payment to taxing entities was not made. AB 1484 requires successor agencies to make those payments by July 12.

- **Payment of 2011-12 Passthrough Payments**

Some successor agencies made 2011-12 passthrough payments and some did not. AB 1484 requires the auditor-controller to reduce property tax payments to those successor agencies that did not make pass through payments in 2011-12.

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<sup>36</sup> Section 34179.5; 34179.6

<sup>37</sup> Section 34183.5

## AB 1484: Important Dates

2012

- Jul. 9: County auditor-controller notifies successor agency of amount of funds owing taxing entities based upon December 2011 property tax payment.<sup>1</sup>
- Jul. 12: Successor agency must make payment to auditor-controller for deposit into Redevelopment Property Tax Trust Fund and distribution to taxing entities.<sup>2</sup>
- Jul. 16: Auditor-controller distributes money received from successor agencies to taxing entities. Monies received after July 12 date distributed within five days of receipt.<sup>3</sup>
- Jul. 18: **City sales tax payment suspended if successor agency doesn't make July 12 payment.**<sup>4</sup>
- Aug. 1: Successor housing entity must submit to DOF a list of housing assets that contains explanation of how assets meet criteria set forth in the law. DOF will prescribe format for list. DOF may object to any of the assets within 30 days. If after meet and confer, DOF continues to object, asset must be returned to the successor agency.<sup>5</sup>
- Aug. 10: Successor housing entity notifies successor agency of any designations of use or commitments of funds that successor housing entity authorizes successor agency to retain.<sup>6</sup>
- Aug. 15+/-: Oversight board meets to consider ROPS for Jan. 1, 2013 through June 30, 2013 which must be submitted to DOF by Sept. 1.
- Sept. 1: ROPS for Jan. 1, 2013 through June 30, 2013 must be submitted electronically to DOF after oversight board approval.<sup>7</sup> DOF makes determinations within 45 days. Within 5 days of determination, successor agency may request additional review and meet and confer.

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<sup>1</sup> Section 34183.5(b)(2)(A). Note: The statute, that may be drafted in error, states that if June 1 property tax payment has not been made to successor agencies, the amount owing to taxing entities will be deducted from that same June 1 payment (34183.5(b)(1)).

<sup>2</sup> Section 34183.5(b)(2)(A).

<sup>3</sup> Section 34183.5(b)(2)(A).

<sup>4</sup> Section 34183.5(b)(2)(A).

<sup>5</sup> Section 34176(a)(2). Definition of "housing asset" found at section 34176(e).

<sup>6</sup> Section 34179.6(c)

<sup>7</sup> Section 34177(m). Future ROPS must be submitted to DOF 90 days prior to property tax distribution. **City subject to civil penalty of \$10,000 per day for successor agency's failure to timely submit ROPS (Section 34177(m)(2)).**

- Oct. 1: Auditor-controller may provide notice to successor agency of any objections to items on January – June 2013 ROPS.<sup>8</sup>
- Oct. 1: Successor agency submits to oversight board, county auditor-controller, State Controller, and DOF results of the review of the LMIHF conducted by the licensed accountant agency must retain.<sup>9</sup> Note: licensed accountant must be approved by the county auditor-controller.
- Oct. 1: County auditor-controller completes agreed-upon procedures audit of each redevelopment agency.<sup>10</sup> Auditor-controller provides estimate of property tax payments to successor agency for upcoming six-month period.<sup>11</sup>
- Oct. 15: Oversight Board must review, approve, and transmit LMIHF audit to DOF, auditor-controller. Note that oversight board must hold a public session to consider audit at least five business days prior to the meeting of oversight board in which LMIHF audit is considered for approval.<sup>12</sup>
- Nov. 9: Last day for DOF to complete review of LMIHF audit and reports findings, determinations, and decision to overturn oversight board decision to allow retention of successor agency assets.<sup>13</sup>
- Within 5 days of receipt of DOF audit findings:  
Successor agency may request meet and confer to resolve disputes with DOF findings on LMIHF audit.<sup>14</sup> DOF must confirm or modify its determination and decisions within 30 days.
- Within 5 days of receipt of DOF final audit determination:  
Successor agency to transfer LMIHF funds to auditor-controller.<sup>15</sup> **City sales tax/property tax may be offset for unfunded amounts.**
- Dec. 1: Successor agency may report to auditor-controller that total amount of available revenues will be insufficient to fund enforceable obligations.<sup>16</sup>

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<sup>8</sup> Section 34182.5.

<sup>9</sup> Section 34179.6(a). The requirement to retain a licensed accountant is found in section 34179.5. The audit provided by the county auditor-controller can be substituted for an audit by a licensed accountant if it contains the information required by Section 34179.5.

<sup>10</sup> Section 34182(a)(1).

<sup>11</sup> Section 34182(c)(3)

<sup>12</sup> Section 34179.6(c) and (b)

<sup>13</sup> Section 34179.6(d)

<sup>14</sup> Section 34179.6(e)

<sup>15</sup> Section 34179.6(f)

<sup>16</sup> Section 34183(b)

Dec. 15: Successor agency submits to oversight board, county auditor-controller, State Controller, and DOF results of the review of all other fund and account balances by licensed accountant.<sup>17</sup>

### 2013

Jan. 2: Auditor-controller makes distributions of property tax for January – June 2013 ROPS.<sup>18</sup>

Jan. 15: Oversight board must review, approve, and transmit other funds audit to DOF, auditor-controller.<sup>19</sup>

Mar. 3: Successor agency submits ROPS for July 1, 2013 through Dec. 31, 2013 to DOF after oversight board approval.<sup>20</sup>

Apr. 1: County auditor-controller provides estimate of property tax payments to successor agency for upcoming six-month period.<sup>21</sup>

Apr. 1: DOF completes review of other funds audit and reports findings, determinations, and decision to overturn oversight board decision to allow retention of successor agency assets.<sup>22</sup>

Apr. 6 +/-: No later than 5 days after receiving DOF determination on other funds audit, successor agency may request meet and confer to resolve disputes with DOF findings. DOF must confirm or modify its determination and decisions within 30 days.

Apr. 10: +/- Successor agency to transfer other “cash and assets” audit payment to auditor-controller if meet and confer process complete.<sup>23</sup> **City sales tax/property tax may be offset for unfunded amounts.**

May 1: Successor agency reports to auditor-controller if total amount of available revenues will be insufficient to fund enforceable obligations.<sup>24</sup>

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<sup>17</sup> Section 34179.6(a).

<sup>18</sup> Section 34183(b).

<sup>19</sup> Section 34179.6(a).

<sup>20</sup> Section 34177(m).

<sup>21</sup> Section 34182(c)(3)

<sup>22</sup> Section 34179.6(a)

<sup>23</sup> Section 34179.6(f). The statute does not allow sufficient time between completion of DOF review on April 1 and required payment on April 10.

<sup>24</sup> Section 34183(b).

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## Cap-and-Trade Moves Forward

Beginning this fall, the California ARB will be running a Cap-and-Trade Auction that is projected in future years to provide a multi-billion annual revenue stream. A portion of Cap-and-Trade Auction Revenues (Revenues) will likely be available to local government in coming years. Two key bills were signed by the Governor this year that put in motion discussions on the state's investment plan for revenues that are expected to begin going out to communities as early as next summer.

### Background

A key element of California's GHG reduction program under AB 32 is the State's "Cap-and-Trade" program (Cap-and-Trade). The program works by establishing a hard cap on about 85 percent of the total statewide GHG emissions.<sup>1</sup> This includes industries like mining, oil production and energy production, manufacturing plants, transportation fuels and others. The ARB will issue emission "allowances" equal to the total amount of allowable emissions over a given compliance period. Then, entities that are regulated under the program will be able to "trade" or buy and sell a portion of these allowances depending on whether they produce more GHG emissions than are allowed under the cap (and would have to buy additional allowances) or they produce less emissions than is allowed under the cap (and could sell additional allowances). Each allowance is equal to one ton of GHG. As the overall cap declines, fewer allowances will be available.<sup>2</sup>

The Cap-and-Trade program serves two purposes. First, unlike traditional regulatory measures (that require specific actions of regulated entities), Cap-and-Trade is a market mechanism whereby the market will set the price for emission allowances based on the supply and demand of allowances. Second, the program serves as a regulatory backstop to the extent capped entities do not implement existing direct regulatory measures required under the ARB Scoping Plan. To the extent existing regulations are not implemented, then the ARB has the ability to make additional reductions (lower the amount of emissions allows under the cap in a given sector) under the Cap-and-Trade Program.<sup>3</sup>

One area of concern for the business community is "leakage", or the decision by companies or firms to relocate outside of California, as the result of a perceived competitive disadvantage imposed by the Cap-and-Trade policy. To combat potential leakage, the ARB will give away some allowances to some industrial sources in order to reduce the competitive disadvantage to those sectors that are subject to Cap-and-

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<sup>1</sup> California Air Resources Board "Overview of ARB Emissions Trading Program" October 2011

<sup>2</sup> California Air Resources Board "Overview of ARB Emissions Trading Program" October 2011

<sup>3</sup> Legislative Analyst's Office "Evaluating the Policy Trade-Offs in ARB's Cap-and-Trade Program" Feb., 2012

Trade. Industries considered to be high risk for economic leakage from Cap-and-Trade include oil and gas extraction, cardboard manufacturing, and the manufacturing of certain chemicals, such as fertilizer.<sup>4</sup>

Another area of interest to local government is the potential for offsets. Offsets, or GHG emission reductions from projects undertaken by emitting sources not subject to Cap-and-Trade, are a way for capped entities (subject to Cap-and-Trade) to reduce their overall emissions. The ARB's rules currently allow offsets in four categories: US Forest and Urban Forest Project Resources, Livestock Projects, Ozone Depleting Substances Projects, and Urban Forest Projects. The ARB has initially restricted the number of offsets allowed to be used under the cap to no more than eight percent of the entities compliance obligation within any compliance period. Offsets are issued only by the ARB and verified by ARB accredited third party entities.<sup>5</sup>

In August, the ARB held its practice auction, which will be followed by the first real auction on Nov. 14. In 2013, the ARB will begin its regular quarterly auctions (expected to be held in February and May 2013.)<sup>6</sup> Over time, the auctions are estimated to generate into the billions annually for the state. It is estimated that the first auctions could raise between \$660 million and \$3 billion in the 2012-13 fiscal year. In future years, it's estimated that the auctions may raise between \$3 and \$14 billion annually. There are still questions surrounding exactly how much the auctions will raise until they actually happen. It's also important to note that the bulk of the money will be raised after 2015 when the transportation fuel and residential and natural gas sectors are included in the auctions.<sup>7</sup>

The 2012-2013 Budget Act assumes the state will receive revenues of \$1 billion from the auctions and assumes that \$500 million of that money will go to offset existing GHG mitigation activities and the other \$500 million for new or expanded programs intended to reduce GHG emissions. Potential areas that revenue could be directed to include: low carbon transportation and infrastructure, clean and efficient energy, and natural resources protection.<sup>8</sup>

## Recent Legislation

While a number of bills emerged this year with plans to spend the revenues, ultimately only two were signed by the Governor.

AB 1532 (Pérez, Chapter 807, Statutes of 2012) establishes the Greenhouse Gas Reduction Fund Investment Plan and Communities Revitalization Act (Act) to set

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<sup>4</sup> "Businesses attack California's Cap-and-Trade auction" *Sacramento Bee*, Friday, September 21, 2012

<sup>5</sup> California Air Resources Board "Compliance Offset Program" [www.arb.ca.gov/cc/capandtrade/offsets](http://www.arb.ca.gov/cc/capandtrade/offsets)

<sup>6</sup> Legislative Analyst's Office "The 2013-13 Budget: Cap-and-Trade Auction Revenues" February 2012

<sup>7</sup> Legislative Analyst's Office "Evaluating the Policy Trade-Offs in ARB's Cap-and-Trade Program" February 2012

<sup>8</sup> Legislative Analyst's Office "The 2013-13 Budget: Cap-and-Trade Auction Revenues" February 2012

procedures for the investment of regulatory fee revenues derived from the Cap-and-Trade auction of GHG allowances. AB 1532 also establishes the Greenhouse Gas Reduction (GHGR) Fund. The measure requires the DOF, on behalf of the Governor, and in consultation with the ARB (and any other relevant state entity), to develop and submit a three-year investment plan to the Legislature for the May Revise (May 1, 2013). Beginning in the 2016-17 Governor's Budget Proposal, and every three years thereafter, DOF is required to include updates to the investment plan. Additionally, all moneys in the GHGR Fund must be appropriated through the annual Budget Act consistent with the investment plan. DOF is also required to submit an annual report to the Legislature on the status and outcomes of projects funded.

AB 1532 requires the moneys from the GHGR Fund to be used to facilitate the achievement of reductions of GHG emissions in the state and, where applicable and to the extent feasible:

- Maximize economic, environmental, and public health benefits to the state;
- Foster job creation by promoting in-state GHG emissions reduction projects carried out by California workers and businesses;
- Complement efforts to improve air quality;
- Direct investment toward the most disadvantaged communities and households in the state (in coordination with SB 535 (de León, Chapter 830, Statutes of 2012));
- Provide opportunities for businesses, public agencies, nonprofits, and other community institutions to participate in and benefit from statewide efforts to reduce GHG emissions; and
- Lessen the impacts and effects of climate change on the state's communities, economy, and environment.

Funding under this measure may be allocated for any of the following purposes:

- Reduction of GHG emissions through energy efficiency, clean and renewable energy generation, distributed renewable energy generation, transmission and storage, and other related actions, including at public universities, state and local public buildings, and industrial and manufacturing facilities;
- Reduction of GHG emissions through the development of state-of-the-art systems to move goods and freight, advanced technology vehicles and vehicle infrastructure, advanced biofuels, and low-carbon and efficient public transportation;
- Reduction of GHG emissions associated with water use and supply, land and natural resource conservation and management, forestry, and sustainable agriculture;
- Reduction of GHG emissions through strategic planning and development of sustainable infrastructure projects, including transportation and housing;
- Reduction of GHG emissions through increased in-state diversion of municipal solid waste from disposal through waste reduction, diversion, and reuse;

- Reduction of GHG emissions through investments in programs implemented by local and regional agencies, local and regional collaborative, and nonprofit organizations coordinating with local governments; and
- Research, development, and deployment of innovative technologies, measures, and practices related to programs and projects funded by the GHGR Fund.

The second bill signed by the Governor is SB 535 (de León, Chapter 830, Statutes of 2012). SB 535, a companion piece to AB 1532, requires a minimum of 25 percent of revenues deposited in the GHGR Fund to be allocated, upon appropriation by the Legislature, to benefit socioeconomically disadvantaged communities impacted by air pollution and climate change. The bill also requires that at least 10 percent of the funds received must go to projects within the community. The 10 percent can overlap with the 25 percent, but does not have to. The bill defines “most impacted and disadvantaged communities” as census blocks having the highest 10 percent of cumulative impacts in California which will need to be identified by the Office of Environmental Health Hazard Assessment, in a report no later than March 1, 2013.

### **So...What Next?**

With the signing of AB 1532 and SB 535, the discussions of how to allocate the revenues from the Fund begin anew. While a number of coalitions and interest groups spent hours over the summer months talking to legislators about how the money should be spent, AB 1532 now directs those discussions to be led by the DOF, in consultation with the ARB and other relevant state entities. While AB 1532 requires at least two public hearings on the investment plan, interest groups are already shifting their focus from the Legislature to the ARB, lobbying for funds to go to their issue areas. The League has been working on two key areas for funding along with a number of other groups. The first, funds for critical transportation system maintenance and operation needs identified in the CTC’s Statewide Transportation Needs Assessment over the next 10 years. The second area identified is investment in innovative local projects. This broad area has yet to be defined but in earlier versions of AB 1532 included a wide range of projects that could be eligible for the funds.

For more information, contact Kyra Ross, League Staff at [kross@cacities.org](mailto:kross@cacities.org) or (916) 658-8252.

## **SB 863 (de León) Workers' Compensation Reform** *Brief Overview and Bill Summary*

### **Overview**

SB 863 (de León, Chapter 363, Statutes of 2012) makes substantial and wide-ranging changes to workers' compensation laws. The measure takes effect Jan. 1, 2013, although not all of its provisions will be effective immediately.

This package of reforms was negotiated between several labor organizations as well as very large self-insured employers. The Department of Industrial Relations (DIR) was also heavily involved in the negotiations and held several stakeholder meetings this past year throughout the state.

The measure is intended to provide a Permanent Disability (PD) benefit increase to employees, but be offset by needed reforms to the system. Specifically, SB 863 was drafted to<sup>1</sup>:

- Reduce frictional costs achieved through tighter claims management;
- Set reasonable, achievable time frames for claims resolution;
- Create an accountable lien process;
- Stem the flood of unnecessary "add-ons" to nearly every workers' comp claim for sexual dysfunction and sleep disorders as a way to drive up the permanent disability award;
- Provide better access to care for injured workers; and
- Establish needed fee schedules, among other cost savings changes.

While the reforms have been passed by the Legislature and signed by the Governor the next big step to implementing all of the provisions of SB 863 will be the adoption of regulations, which are being drafted by the DIR and its Division of Workers' Compensation (DWC), Office of Self-Insurance Plans (OSIP), and Workers' Compensation Appeals Board (WCAB).<sup>2</sup>

Following is a summary of the provisions of SB 863 categorized as follows:

1. Medical Provider Networks
2. Independent Medical Review
3. Independent Bill Review
4. Liens
5. Fee Schedule
6. Medical Care

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<sup>1</sup> An overview has been prepared by DIR and can be found at:

<http://www.dir.ca.gov/dwc/SB863/SB863.htm>

<sup>2</sup> A timeline for the rulemaking process is available on DIR's website at:

<http://www.dir.ca.gov/dwc/SB863/SB863.htm>

7. Interpreters
8. Permanent Disability
9. Return to Work

### **1. *Medical Provider Networks***

This measure:

- Eliminates the requirement that a Medical Provider Network (MPN) have non-occupational medicine specialists constitute at least 25 percent of the physicians in the network;
- Requires an MPN to obtain a written acknowledgement from a physician that the physician agrees to be in the MPN;
- Requires all MPNs to have a "medical access assistant" staff person or persons, who need not be employees, but who must be located within the United States, to aid injured workers in obtaining appointments or referrals within the MPN;
- Allows the Administrative Director (AD) of DWC to generically approve an MPN, as opposed to requiring a separate approval for each employer;
- Provides that the approval of an MPN by the AD is conclusive in a matter before the WCAB that the MPN is valid, subject to proof that there was a specific failure as to a specific injured worker;
- Requires periodic administrative audits of MPNs by the AD;
- Authorizes discretionary administrative audits of MPNs by the AD;
- Limits the reasons that can be used to avoid obtaining treatment within an MPN, and establishes an expedited process to resolve any disputes about whether the injured worker is required to be treated within the MPN; and
- Requires a physician who knows or should know that the patient is suffering from an occupational injury to notify the employer within 5 days that the injured worker is being treated outside the MPN, and prohibits payment by an employer or insurer for any treatment provided to the injured worker when the notice requirements have not been complied with.

### **2. *Independent Medical Review***

This measure:

- Implements an Independent Medical Review (IMR) process, similar to what is found at the Department of Managed Health Care (DMHC), in order to provide independent medical review by doctors for health care disputes;
- Allows the employee to appeal a utilization review (UR) decision by requesting an IMR either immediately after the UR decision or after getting a second UR with additional information;
- Eliminates the WCAB authority to adjudicate medical treatment disputes that are directed to the IMR process;
- Provides a timeline for approval of treatment after UR of 2-3 months, rather than the current judicial timelines which can take up to 18 or 24 months;

- Establishes a hierarchy of standards that are to be applied by IMR, with the Medical Treatment Utilization Schedule adopted by the AD as the highest source for evaluating the appropriateness of medical treatment, followed by the same ranked standards that apply to HMOs under the Knox-Keene Act;
- Ensures that the hierarchy of standards enforces evidence-based medicine as the primary standard for treatment;
- Makes the results of the IMR process binding on all parties, absent clear and convincing evidence of fraud or conflict of interest, that the AD acted in excess of his or her authority, that the decision was the result of bias relating to protected classes, or that the decision was the result of a plainly erroneous express or implied finding of fact that is a matter of ordinary knowledge and not a matter that is subject to expert opinion;
- Establishes penalties in the event an employer fails to notify an injured worker of his or her right to IMR, or fails to implement a decision by IMR favorable to the injured worker;
- Provides for the AD of the DWC to contract with qualified organizations to implement the IMR functions, subject to detailed conflict of interest rules and substantive responsibilities, as specified; and
- Adopts findings and declarations of legislative intent with respect to the IMR process and its value to injured workers and to the workers' compensation system, as well as a severability clause.

### **3. *Independent Bill Review***

This measure:

- Establishes an Independent Bill Review (IBR) process to take medical billing disagreements under rules similar to the IMR process, limiting the need for liens filing; and
- Provides for the AD of the DWC to contract with qualified organizations to implement the IBR functions, subject to detailed conflict of interest rules and substantive responsibilities, as specified.

### **4. *Liens***

This measure:

- Prohibits the filing of a lien against an award for matters that are subject to IMR and IBR dispute resolution;
- Establishes a \$150 filing fee in order to file a lien, recoverable if the lien claimant prevails;
- Establishes a \$100 activation fee for legacy liens, recoverable if the lien claimant prevails; and
- Adopts a statute of limitation within which liens must be filed.

## **5. Fee Schedules**

This measure:

- Requires the AD to adopt a medical fee schedule methodology based on Medicare's Resource-Based Relative Value Scale (RBRVS) system, with specified modifications for California's workers' compensation system, including geographic adjustments;
- Adopts a fee schedule for ambulatory surgery centers (ASCs);
- Requires the DIR to study the feasibility of establishing a facility fee for services performed in ASCs;
- Clarifies the rules that govern the fee schedule applicable to vocational expert compensation;
- Provides that if the MediCal fee schedule for prescription medications is reduced in order to meet specified MediCal budget needs, the budgetary reduction shall not be included in the workers' compensation official medical fee schedule;
- Prohibits payment for home care services where the services were already being provided prior to injury, authorizes the AD to adopt a home care services utilization and fee schedule, and limits the re-opening of old cases where home care services are alleged to have been provided but were not authorized or ordered by a physician before the services were rendered; and
- Authorizes the AD to adopt a fee schedule for copying services, and establishes substantive rules to govern these services.

## **6. Medical Care**

This measure:

- Eliminates the pass-through for implantable surgical hardware;
- Requires the AD to adopt a regulation to allow an additional reimbursement where the basic hospital fee schedule does not adequately cover the cost of the hardware;
- Prohibits for any interested party in the workers' compensation system to have a financial interest in another entity to which it is referring a party for services, or for which it is paying or receiving compensation, if the employer is paying the charges, provided that financial interests in affiliated entities in claims handling are subject to mandatory disclosure rather than this prohibition;
- Repeals the requirement that a second opinion be obtained in cases of spinal surgery, and instead will resolve questions of appropriateness of spinal surgery in the IMR process;
- Limits the number of office locations that a Qualified Medical Evaluator (QME) may file with the DWC to 10;
- Streamlines the Agreed Medical Evaluator (AME) and QME process;
- Limits Chiropractic QMEs to individuals who are doctors of chiropractic and certified in California workers' compensation evaluation by a provider recognized by the AD;

- Provides that a chiropractor who has reached the 24-visit cap cannot serve as the injured worker's primary treating physician; and
- Clarifies that an insurer or employer can pay for physical medicine treatments in excess of the 24-visit cap without that payment constituting a blanket waiver of the cap.

### **7. *Interpreters***

This measure:

- Provides that where interpreter services are needed, the injured worker shall make a request to the employer or insurer, and the employer or insurer shall pay for the interpreter services;
- Requires that interpreters be certified, and authorizes the AD to establish, operate or contract for an interpreter certification program; and
- Prohibits an interpreter certification entity from having a financial interest in training or employing interpreters.

### **8. *Permanent Disability***

This measure:

- Increases aggregate PD benefits by approximately \$740 million per year, phased in over a two-year period, and adjusts the formula for calculating the benefit amount so that compensation amounts more accurately reflect loss of future earnings, and to ensure that no class of injured workers receive a lower award than under the present system;
- Eliminates sleep disorder and sexual dysfunction "add-ons" to primary injuries that do not include these injuries when calculating the level of PD, but requires all appropriate medical treatment for these injuries;
- Limits psychological add-ons when calculating a PD rating to cases involving catastrophic injury or that involved a violent workplace incident, but requires all appropriate medical treatment for psychological injuries;
- Eliminates the diminished future earnings capacity (DFEC) from the determination of PD, and instead provides that all PD awards are increased by a multiplier of 1.4 for the loss of future earnings, comparable to the top available DFEC modifier;
- Limits the definition of PD to include only a consideration of how occupation affects the overall classification of employment of the injured worker, rather than the individual injured worker's ability to compete in the open labor market or reduction of future earnings; and
- Provides that in enacting the bill adding these changes to the PD system, it is not the intent of the Legislature to overrule the holding in *Milpitas Unified School District v. Workers' Comp. Appeals Bd. (Guzman)*, which established that the presumption that an AMA Guides rating is correct is rebuttable by evidence presented by the injured worker.

## **9. Return to Work**

This measure:

- Modifies the Supplemental Job Displacement Benefit (SJDB) rules to:
  - Change the point in time the benefit is triggered;
  - Prohibit "cashing out" the retraining voucher in settlements;
  - Establish which schools are qualified to be paid by the retraining voucher;
  - Limit the time period during which the voucher is valid to two years; and
  - Specify that an injury that occurs during retraining does not constitute a compensable injury.
- Creates a \$120 million return-to-work program annually derived from the Workers' Compensation Administration Revolving Fund for making supplemental payments to workers whose PD benefits are disproportionately low in comparison to their earnings loss; and
- Requires the Commission on Health and Safety and Workers' Compensation to conduct a study comparing average loss of earnings for employees who sustained work-related injuries with PD ratings under the PD rating schedule and evaluate the impact of increased payments made pursuant to the "bump up" provisions, and report to the Legislature before Jan. 1, 2016.

## **AB 340 (Furutani) & AB 197 (Buchanan) Pension Reform**

### *Brief Overview and Bill Summary*

#### **Overview**

AB 340 (Furutani, Chapter 296, Statutes of 2012) makes substantial and wide-ranging changes to the public employee pension laws in California. The measure takes effect Jan. 1, 2013, although not all of its provisions will be effective immediately. AB 197 (Buchanan, Chapter 297, Statutes of 2012) makes technical clean-up changes to AB 340.

This package of reforms was negotiated between the Governor and primarily the Democrats on the Conference Committee on Pensions, which consisted of Assembly Members Warren Furutani (D-Long Beach), Michael Allen (D-Santa Rosa), and Jim Silva (R-Huntington Beach) as well as Senators Gloria Negrete McLeod (D-Chino), Joe Simitian (D-Palo Alto), and Mimi Walters (R-Laguna Niguel).

The measures are intended to implement comprehensive pension reform through the enactment of the California Public Employees' Pension Reform Act of 2013 (PEPRA) as well as other statutory changes.

PEPRA applies to all public employers and pension plans on or after Jan. 1, 2013 with the exception of the University of California, as well as charter cities and charter counties that do not participate in the California Public Employees' Retirement System (CalPERS) or the '37 Act System including the cities of Los Angeles, San Francisco, Fresno, San Diego, and San Jose. It also excludes any retirement plan approved by the voters of any entity before Jan. 1, 2013. For cities that have not yet adopted a defined benefit plan, the measures will only become effective if they choose to implement a defined benefit plan.

While the reforms have been passed by the Legislature and signed by the Governor, the League understands that CalPERS (and other retirement systems) will be adopting regulations and/or policy to implement many of the provisions of the reform package. CalPERS has a dedicated webpage "Pension Reform Impacts" where periodic updates on the implementation of AB 340 will be provided.<sup>1</sup>

Following is information on AB 340 and AB 197, categorized as follows:

1. Pensionable Income Cap; Restrictions on Supplemental Define Benefit (DB) Plans; Limits on Employer Contributions
2. New Defined Benefit Tiers for Miscellaneous and Safety Members
3. Cost Sharing and Employer Paid Member Contributions (EPMC)

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<sup>1</sup>The CalPERS webpage is: <http://www.calpers.ca.gov/index.jsp?bc=/employer/program-services/pension-reform-impacts.xml>

4. Final Average Earnings (FAE) Calculation for New Members
5. Retiree Restrictions
6. Regular, Recurring Pay
7. Forfeiture of Retirement Benefits upon Felony Conviction
8. Elimination of Purchasing Unqualified Service Credit or “Air Time”
9. Retroactive Benefit Increases
10. Pension Holidays
11. Health Vesting
12. Industrial Disability Retirement (IDR)
13. Current Members v. New Members
14. Comparing League Policy and the Conference Committee Report

**1. *Pensionable Income Cap; Restrictions on Supplemental Defined Benefit (DB) Plans; Limits on Employer Contributions***

*Pension Income Cap:*

This measure establishes a cap on the amount of compensation that can be used to calculate a retirement benefit for all new members of a public retirement system equal to the Social Security wage index limit (adjusted annually and is currently set at \$110,100) for employees who participate in Social Security or 120 percent of that limit (\$132,120) if they do not participate in Social Security.<sup>2</sup>

Adjustments to the cap are permitted annually based on changes to the Consumer Price Index (CPI) for all Urban Consumers.<sup>3</sup>

The Legislature is authorized to modify the CPI prospectively.<sup>4</sup>

*Restrictions on Supplemental Defined Benefit (DB) Plans:*

This measure prohibits employers from offering a defined benefit or any combination of defined benefits, including a privately provided defined benefit, on compensation in excess of the new cap.<sup>5</sup>

Employers are prohibited from providing new members with a supplemental defined benefit plan.<sup>6</sup>

*Limits on Employer Contributions on Compensation above the Cap:*

Employers are prohibited from making contributions for new members to any qualified retirement plan on pensionable compensation above the amount specified in Section 401(a)(17) of Title 26 of the United State Code (\$250,000).<sup>7</sup>

<sup>2</sup> Govt. Code Sect. 7522.10 (c)

<sup>3</sup> Govt. Code Sect. 7522.10 (d)(1)

<sup>4</sup> Govt. Code Sect. 7522.10 (d)(2)

<sup>5</sup> Govt. Code Sect. 7522.10 (e)

<sup>6</sup> Govt. Code Sect. 7522.18 (a)(b)

<sup>7</sup> Govt. Code Sect. 7522.42 (a)

This measure provides that a contribution made by an employer to an employee's deferred contribution plan is not a vested right.<sup>8</sup>

Limits on Employer Contributions to Defined Contribution Plans for Employees Above Cap:

This measure authorizes employers to make contributions to a defined contribution plan for employees so long as the plan and contributions meet federal limits and requirements.<sup>9</sup>

However, there is a limitation on employer contributions for employees above the compensation caps.

The new law provides that any employer contributions to any employee defined contribution plan above the pensionable compensation limits shall not, when combined with the employer's contribution to the employee's retirement benefits below the compensation limit, exceed the employer's contribution level, as a percentage of pay, required to fund the retirement benefits of employees with income below the compensation limits.<sup>10</sup> See example below.

Example of limitations on combined defined benefit and defined contribution payments to employees with salaries above \$110,000:

<b>Employer's Contribution as percent of Salary To Employees Below 110,000 DB Pension Cap</b>	<b>10 percent</b>	<b>15 percent</b>	<b>20 percent</b>
<b>Maximum Contribution to \$250,000 employee</b>			
First \$110,000 salary (D.B.)	\$11,000	\$16,500	\$22,000
Next \$140,000 salary (D.C.)	<u>\$14,000</u>	<u>\$21,000</u>	<u>\$28,000*</u>
<b>TOTAL</b>	\$25,000	\$37,500	\$50,000

\*Current federal limit on employer contributions to D.C. Plan: \$50,000

**2. New Defined Benefit (DB) Tiers for Miscellaneous and Safety Members**

Miscellaneous Members:

The formula option for new miscellaneous members will be 2 percent at 62. The formula will be adjusted to encourage longevity. The formula will be adjusted to a maximum retirement factor of 2.5 percent at age 67.<sup>11</sup>

<sup>8</sup> Govt. Code Sect. 7522.10 (f)(2)

<sup>9</sup> Govt. Code Sect. 7522.10 (f)(1)

<sup>10</sup> Govt. Code Sect. 7522.10(g)

<sup>11</sup> Govt. Code Sect. 7522.20 (a)

The new DB formulas for new members applies only to the amount of compensation allowed under the pensionable compensation cap as required in Govt. Code Sect. 7522.10.<sup>12</sup>

*Safety Members:*

There will be three formulas for new safety members including: 2 percent at 57; 2.5 percent at 57; and 2.7 percent at 57.<sup>13</sup>

New members receive the formula that is closest to the formula for employees in their retirement classifications first hired on Dec. 31, 2012. The new formula must be lower at age 55 than the prior formula offered to current members in the same job classification.

The new DB formulas for new members applies only to the amount of compensation allowed under the pensionable compensation limit as required in Govt. Code Sect. 7522.10.<sup>14</sup>

### **3. Cost Sharing and Employer Paid Member Contributions (EPMC)**

*New Members:*

*Normal Cost:* New members will be required to pay at least 50 percent of normal cost and prohibits employers from paying this contribution on the employee's behalf.<sup>15</sup>

The law allows new members to pay more than 50 percent of the normal cost if the increase has been agreed to in collective bargaining and under the following conditions:

- An employer is prohibited from contributing a greater rate to the plan for non-represented, managerial, or supervisory employees than the employer contributes to other public employees.
- An employer can only increase employee contribution rates if agreed to in a memorandum of understanding (MOU) that has been collectively bargained.
- An employer cannot use impasse procedures to implement greater cost sharing above the 50 percent of normal cost.<sup>16</sup>

*Employer Cost:* This measure increases the ability of employers to cost share by authorizing employers and employees to agree to share the costs of the employer contribution, including the Unfunded Actuarial Accrued Liability (UAAL), and prohibits the use of impasse procedures from being used to implement a cost sharing arrangement on any contribution amount above what is required in law.<sup>17</sup>

<sup>12</sup> Govt. Code Sect. 7522.25

<sup>13</sup> Govt. Code Sect. 7522.25 (a)(b)(c)(d)

<sup>14</sup> Govt. Code Sect. 7522.25

<sup>15</sup> Govt. Code Sect. 7522.30 (c)

<sup>16</sup> Govt. Code Sect. 7522.30 (e)(1)(2)(3)

<sup>17</sup> Govt. Code Sect. 20516 (a)(b)

Prior to this new rule, the Public Employee Retirement Law (PERL) required employee cost sharing above the statutory limits to be limited to the cost of an optional benefit. This measure allows employees to pay, if agreed to, any portion (or all) of the employer cost.

Member costs sharing of employer cost under Govt. Code Sect. 20516 may be bargained on a unit-by-unit basis if agreed to in an MOU.<sup>18</sup>

*Current Members:*

*Normal Cost:* After Jan. 1, 2018 employers may—subject to good faith bargaining—require current employees to pay at least 50 percent of the normal cost so long as the employee contribution does not exceed 8 percent for miscellaneous, 12 percent for police and fire, and 11 percent for all other local safety members. This section should not be construed as an obligation on employers to require current members to pay 50 percent of normal costs.<sup>19</sup>

*Employer Cost:* This measure increases the ability of employers to cost share by authorizing employers and employees to agree to share the costs of the employer contribution, including the UAAL, and prohibits the use of impasse procedures from being used to implement a cost sharing arrangement on any contribution amount above what is required in law.<sup>20</sup>

Prior to this new rule, the PERL required employee cost sharing above the statutory limits to be limited to the cost of an optional benefit. This measure allows employees to pay, if agreed to, any portion (or all) of the employer cost.

Member costs sharing of employer cost under Govt. Code Sect. 20516 may be bargained on a unit-by-unit basis if agreed to in an MOU.<sup>21</sup>

**4. Final Average Earnings (FAE) Calculation for New Members**

For new members this measure requires that final compensation be calculated on the highest average annual pensionable compensation earned by a member during a period of at least 36-consecutive months. This is otherwise known as the 3-year average.<sup>22</sup>

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<sup>18</sup> Govt. Code Sect. 20516(c)

<sup>19</sup> Govt. Code Sect. 20516.5 (b)(c)

<sup>20</sup> Govt. Code Sect. 20516 (a)(b)

<sup>21</sup> Govt. Code Sect. 20516(c)

<sup>22</sup> Govt. Code Sect. 7522.32 (a)

## 5. *Retiree Restrictions*

Newly retired persons are required to sit out for at least 180 days before returning to work for an employer in the same retirement system that which they receive a retirement allowance.<sup>23</sup>

An exception can be made if the governing body certifies that the nature of the employment and that the appointment is necessary to fill a critically needed position and the 180 days has not yet passed. This also requires governing body approval in a properly noticed public meeting and cannot be placed on a consent calendar.<sup>24</sup>

This 180-day sit out rule does not apply to a public safety officer or firefighter.<sup>25</sup>

This measure also provides that a retiree that accepted a retirement incentive (e.g., Golden Handshake or cash incentive) upon retirement must sit out the 180 days and the exception cannot be used.<sup>26</sup>

## 6. *Regular, Recurring Pay*

The measure defines “pension compensation” for a new member of any public retirement system as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to a publically available pay schedule.<sup>27</sup>

Pension compensation under the new law does not include:

- Compensation paid to enhance a retirement benefit;
- Compensation previously provided “in-kind” and converted to cash in the final comp period;
- One-time or ad hoc payments;
- Terminal pay;
- Pay for unused sick leave or time off;
- Pay for work outside of normal hours;
- Any employer provided allowance including uniform, housing, vehicle allowances; and
- Pay for overtime, except planning overtime, extended duty workweek, or pay defined in federal Labor Code Section 207(k) of Title 29 of the United States Code.<sup>28</sup>

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<sup>23</sup> Govt. Code Sect. 7522.56 (f)

<sup>24</sup> Govt. Code Sect. 7522.56 (f)(1)

<sup>25</sup> Govt. Code Sect. 7522.56 (f)(4)

<sup>26</sup> Govt. Code Sect. 7522.56 (g)

<sup>27</sup> Govt. Code Sect. 7522.34 (a)

<sup>28</sup> Govt. Code Sect. 7522.34 (c)(1-12)

It should be noted that the provisions outlined for regular, recurring pay, while the language is not identical to the PERL, the League understands that these restrictions on pay are already in the PERL. Not much, if anything, will change in the PERL related to these provisions.

### **7. *Forfeiture of Retirement Benefits upon Felony Conviction***

This measure requires that public officials and employees forfeit pension benefits if they are convicted of a felony related to the performance of official duties, related to seeking an elected office or appointment, in connection with obtaining salary or pension benefits, or committed against a child who the official or employee has contact with as part of his or her official duties.<sup>29</sup>

Only pensions benefits earned or accrued after the earliest date of the commission of the felony are subject to forfeiture. Benefits earned or accrued prior to this date are not subject to forfeiture.<sup>30</sup>

These provisions apply to employees hired both before and after January 1, 2013.<sup>31</sup>

### **8. *Elimination of Purchasing Unqualified Service Credit or “Air Time”***

This measure prohibits a public retirement system from allowing the purchase of unqualified service credit. This refers to the purchase of service credit that an individual has not actually worked.<sup>32</sup>

### **9. *Retroactive Benefit Increases***

This measure requires that any retirement enhancements to formulas or benefits must occur prospectively and not retroactively.<sup>33</sup>

### **10. *Pension Holidays***

This measure prohibits all employers from suspending employer and/or employee contributions necessary to fund annual pension normal costs.<sup>34</sup>

Additionally, this new law allows a public retirement system to suspend contributions under limited circumstances:

- The plan is funded more than 120 percent;

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<sup>29</sup> Govt. Code Sect. 7522.72 (b)(1) and (2), (c)(1); Govt. Code Sect. 7522.74 (b)(1) and (2), (c)(1)

<sup>30</sup> Govt. Code Sect. 7522.72(c); Govt. Code Sect. 7522.74(c)

<sup>31</sup> Govt. Code Sect. 7522.72 (a); Govt. Code Sect. 7522.74 (a)

<sup>32</sup> Govt. Code Sect. 7522.46(a)

<sup>33</sup> Govt. Code Sect. 7522.44

<sup>34</sup> Govt. Code Sect. 7522.52(a)

- The excess earnings could result in disqualification of plans tax deferred status; and
- The board finds that additional contributions would conflict with its fiduciary responsibility.<sup>35</sup>

### **11. Health Vesting**

This measure prohibits a public employer from providing a better health benefit vesting schedule for excluded and exempt employees than for represented employees in the same retirement class.<sup>36</sup>

### **12. Industrial Disability Retirement (IDR)**

Current law provides that a local safety member who becomes disabled as a result of a work-related injury or illness is eligible to receive an industrial disability. If a member is eligible for an IDR they receive 50 percent of their compensation as a lifetime retirement benefit. If the member is eligible to retire for service retirement, and the member's retirement allowance would be greater than 50 percent of their compensation, the member will receive a service retirement and not an IDR allowance.

This measure allows a safety member, who qualifies for an IDR, to receive the greater of:

- Fifty percent of the member's final compensation plus an annuity purchased with his or her accumulated contributions, if any;
- A service retirement, if the member qualifies for service retirement; and
- An actuarially reduced retirement formula, as determined by the actuary, for each quarter year of service age less than 50, if that amount would be higher than 50 percent of the member's salary.<sup>37</sup>

This new law allows members that are disabled before reaching retirement age to receive an actuarially reduced benefit. This provision, according to CalPERS, allows members to receive a benefit that is more closely aligned to their years of service.

These new provisions related to IDR are a "pilot project" and therefore are only in effect until Jan. 1, 2018, at which time the law is repealed, unless a later enacted statute, that is enacted before Jan. 1, 2018, deletes or extends that date.

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<sup>35</sup> Govt. Code Sect. 7522.52 (b)(1)(2)(3)

<sup>36</sup> Govt. Code Sect. 7522.40

<sup>37</sup> Govt. Code Sect. 7522.66

### 13. ***Current Members v. New Members***

Questions have been raised about which pension reform provisions apply to current and new members. The short answer is that most of the provisions in the package apply to new employees while some of the provisions apply to current employees. A chart of which reforms apply to current and new members is below.

***New Members:***

This measure defines a new member as:

- An individual who has never been a member of any public retirement system prior to Jan. 1, 2013.
- An individual who moved between retirement systems with more than a 6-month break in service.
- An individual who moved between public employers within a retirement system after more than a 6-month break in service.

***Current Members:***

This measure also provides that individuals who are employed by any public employer before Jan. 1, 2013, and who become employed by another public employer after the law takes effect Jan. 1, 2013 will be eligible to receive the retirement plan offered to employees by the subsequent employer before the law takes effect (Dec. 31, 2012).

<b>Proposal</b>	<b>Current Members</b>	<b>New Members</b>
<b>Pension Cap</b>		✓
<b>Increase Retirement Age</b>		✓
<b>Cost Sharing</b>	✓	✓
<b>3-Yr Average</b>		✓
<b>Retiree Restrictions/6-month sit out</b>	✓	✓
<b>Final Comp Reg. Pay</b>		✓
<b>Felony Forfeiture</b>		✓
<b>Eliminate Airtime</b>	✓	✓
<b>No Retroactive Increases</b>		✓
<b>No Pension Holidays</b>	✓	✓

**14. Comparing League Policy and the Conference Committee Report**

The following is a comparison between League policy and some of the more substantial provisions of the new law.<sup>38</sup>

<b>Pension Reform</b>	<b>Does League Policy and Conference Report Align?</b>
<b>Cap Pensionable Income</b>	X No
<b>Increased Retirement Ages</b>	✓ Yes
<b>New Cost Sharing Authority</b>	✓ Yes
<b>Prohibit Pension Spiking/ 3-Year Average</b>	✓ Yes
<b>Eliminate Double Dipping</b>	✓ Yes
<b>Base Retirement on Regular, Recurring Pay</b>	✓ Yes
<b>Forfeit Pension Benefits Upon Felony Conviction</b>	X No
<b>Eliminate Airtime</b>	✓ Yes
<b>Eliminate Retroactive Benefit Increases</b>	✓ Yes
<b>Eliminate Pension Holidays</b>	✓ Yes

<sup>38</sup> For a full comparison and analysis of League policy and AB 340 please visit the League's Pension Information Center at [www.cacities.org/pensions](http://www.cacities.org/pensions).

## Appendix B – League Resources



## League Legislative Staff

LEGISLATIVE REPRESENTATIVES	
<p><b>Daniel Carrigg</b>  <i>Legislative Director</i>                      (916) 658-8222  <a href="mailto:carriggd@cacities.org">carriggd@cacities.org</a></p>	<ul style="list-style-type: none"> <li>• Fiscal Reform</li> <li>• Revenue</li> <li>• State Budget</li> <li>• Taxation</li> <li>• Revenue and Taxation Policy Committee</li> <li>• Fiscal Officers Department</li> </ul>
<p><b>Kyra Emanuels Ross</b>  <i>Legislative Representative</i>                      (916) 658-8252  <a href="mailto:kross@cacities.org">kross@cacities.org</a></p>	<ul style="list-style-type: none"> <li>• Environmental Issues (Air, Water, Solid Waste, etc.)</li> <li>• Community Services</li> <li>• CEQA (Lead)</li> <li>• Floods (Back up)</li> <li>• Tobacco Control</li> <li>• Tort Reform</li> <li>• Utilities</li> <li>• Climate Change</li> <li>• Animal Issues</li> <li>• Environmental Quality Policy Committee</li> <li>• Community Services Policy Committee</li> <li>• Community Services Department</li> </ul>
<p><b>Jennifer Whiting</b>  <i>Legislative Representative</i>                      (916) 658-8249  <a href="mailto:jwhiting@cacities.org">jwhiting@cacities.org</a></p>	<ul style="list-style-type: none"> <li>• Public Works</li> <li>• Transportation</li> <li>• Telecommunications</li> <li>• Federal Issues (Lead)</li> <li>• State Budget (Back-up)</li> <li>• Transportation, Communication, and Public Works</li> <li>• Public Works Department</li> </ul>
<p><b>Kirstin Kolpitcke</b>  <i>Legislative Representative</i>                      (916) 658-8250  <a href="mailto:kkolpitcke@cacities.org">kkolpitcke@cacities.org</a></p>	<ul style="list-style-type: none"> <li>• Housing</li> <li>• Planning &amp; Land Use</li> <li>• Floods (Lead)</li> <li>• Economic Development: CDBG, Enterprise Zones</li> <li>• Water Supply/Planning</li> <li>• CEQA (Back up)</li> <li>• Housing, Community and Economic Development Policy Committee</li> <li>• Planning &amp; Community Development Department</li> </ul>

<p><b>Natasha Karl</b> <i>Legislative Representative</i> (916) 658-8254 nkarl@cacities.org</p>	<ul style="list-style-type: none"> <li>• Administrative Services</li> <li>• Brown Act/Public Records</li> <li>• Conflict of Interest</li> <li>• Employee Relations</li> <li>• Personnel</li> <li>• Workers Compensation Issues</li> <li>• Personnel and Employee Relations Department</li> <li>• Federal Issues (Back up)</li> </ul>
<p><b>Vacant</b></p>	<ul style="list-style-type: none"> <li>• Public Safety</li> <li>• Public Safety Policy Committee</li> <li>• Fire Chiefs Department</li> <li>• Police Chiefs Department</li> <li>• Cities, Counties &amp; Schools (CCS) Partnership</li> </ul>
<p><b>Meghan McKelvey</b> <i>Policy Analyst</i> (916) 658-8253 <a href="mailto:mmckelvey@cacities.org">mmckelvey@cacities.org</a></p>	<ul style="list-style-type: none"> <li>• Administrative Services Policy Committee</li> <li>• Employee Relations Policy Committee</li> <li>• City Managers Department</li> <li>• Fiscal Officers Department Support</li> <li>• Planners Department Support</li> <li>• Public Works Department Support</li> <li>• Oversee Duties of Legislative Secretary and Office Interns</li> <li>• Special Policy Research Projects</li> </ul>
<p><b>Meg Desmond</b> <i>Legislative/Policy Committee Secretary</i> (916) 658-8224 <a href="mailto:mdesmond@cacities.org">mdesmond@cacities.org</a></p>	<ul style="list-style-type: none"> <li>• Legislative Bill Tracking</li> <li>• Maintain Legislative Website</li> <li>• Policy Committees</li> <li>• Lobbyists FPPC Compliance</li> <li>• Division/Department/Affiliate Rosters</li> <li>• Annual Conference Resolutions</li> <li>• Special Task Force Support</li> <li>• Personnel and Employee Relations Department Support</li> </ul>

## Regional Public Affairs Managers

### **Public Affairs Director** **Bismarck Obando**

1400 K Street, 4th Floor  
Sacramento, CA 95814  
Office: 916/658-8273  
Cell: 916/612-9377  
bismarck@cacities.org

### **Central Valley** **Stephen Qualls**

P.O. Box 785  
Hughson, CA 95326  
Cell: 209/614-0118  
Fax: 209/883-0653  
squalls@cacities.org

### **Channel Counties**

**David Mullinax**  
Cell: 805/797-3530  
Fax: 805/962-9409  
dmullinax@cacities.org

### **Desert Mountain, Inland** **Empire**

**Nancy Cisneros**  
31759 Avenue E #111  
Yucaipa, CA 92399  
Cell: 909/230-3940  
Fax: 909/794-3438 (call first)  
ncisneros@cacities.org

### **East Bay**

**Eric Figueroa**  
P.O. Box 901  
San Leandro, CA 94577  
Cell: 510/325-0072  
efigueroa@cacities.org

### **Peninsula**

**Jessica Stanfill Mullin**  
P.O. Box 5630  
South San Francisco, CA  
94080  
Cell: 650/238-4111  
jstanfill@cacities.org

### **Los Angeles County**

**Kristine Guerrero**  
P.O. Box 3482  
Lakewood, CA 90711  
Cell: 626/716-0076  
kguerrero@cacities.org

### **Jennifer Quan**

P.O. Box 1444  
Monrovia, CA 91017  
Cell: 626/786-5142  
Fax: 626/301-0387  
jquan@cacities.org

### **Jeff Kiernan**

8149 Santa Monica Blvd. #206  
West Hollywood, CA 90046  
Cell: 310/630-7505  
jkiernan@cacities.org

### **Monterey Bay**

**Deanna Sessums**  
P.O. Box 7980  
Santa Cruz, CA 95061  
Cell: 831/915-8293  
dsessums@cacities.org

### **North Bay**

**Nancy Hall Bennett**  
1400 K Street, 4th Floor  
Sacramento, CA 95814  
Cell: 415/302-2032  
nbennett@cacities.org

### **Orange County**

**Tony Cardenas**  
P.O. Box 28927  
Anaheim Hills, CA 92809  
Cell: 714/425-5558  
tcardenas@cacities.org

### **Redwood Empire**

**Sara Rounds**  
1400 K Street, 4th Floor  
Sacramento, CA 95814  
Office: 916/658-8243  
Cell: 916/548-9030  
srounds@cacities.org

### **Riverside County**

**Erin Sasse**  
12523 Limonite Ave.  
Suite 440-161  
Mira Loma, CA 91752  
Cell: 951/321-0771  
esasse@cacities.org

### **Sacramento Valley**

**Charles Anderson**  
Cell: 916/798-2231  
Fax: 866/593-2927  
canderson@cacities.org

### **San Diego County, Imperial** **County**

**Catherine Hill**  
P.O. Box 82081  
San Diego, CA 92138  
Wk: 619/295-8282  
Cell: 619/733-1751  
Fax: 619/501-7651  
chill@cacities.org

### **South San Joaquin Valley**

**Hilary Baird**  
P.O. Box 10656  
Bakersfield, CA 93389-0656  
Cell: 661/428-7807  
Fax: 661/664-8291  
hbaird@cacities.org

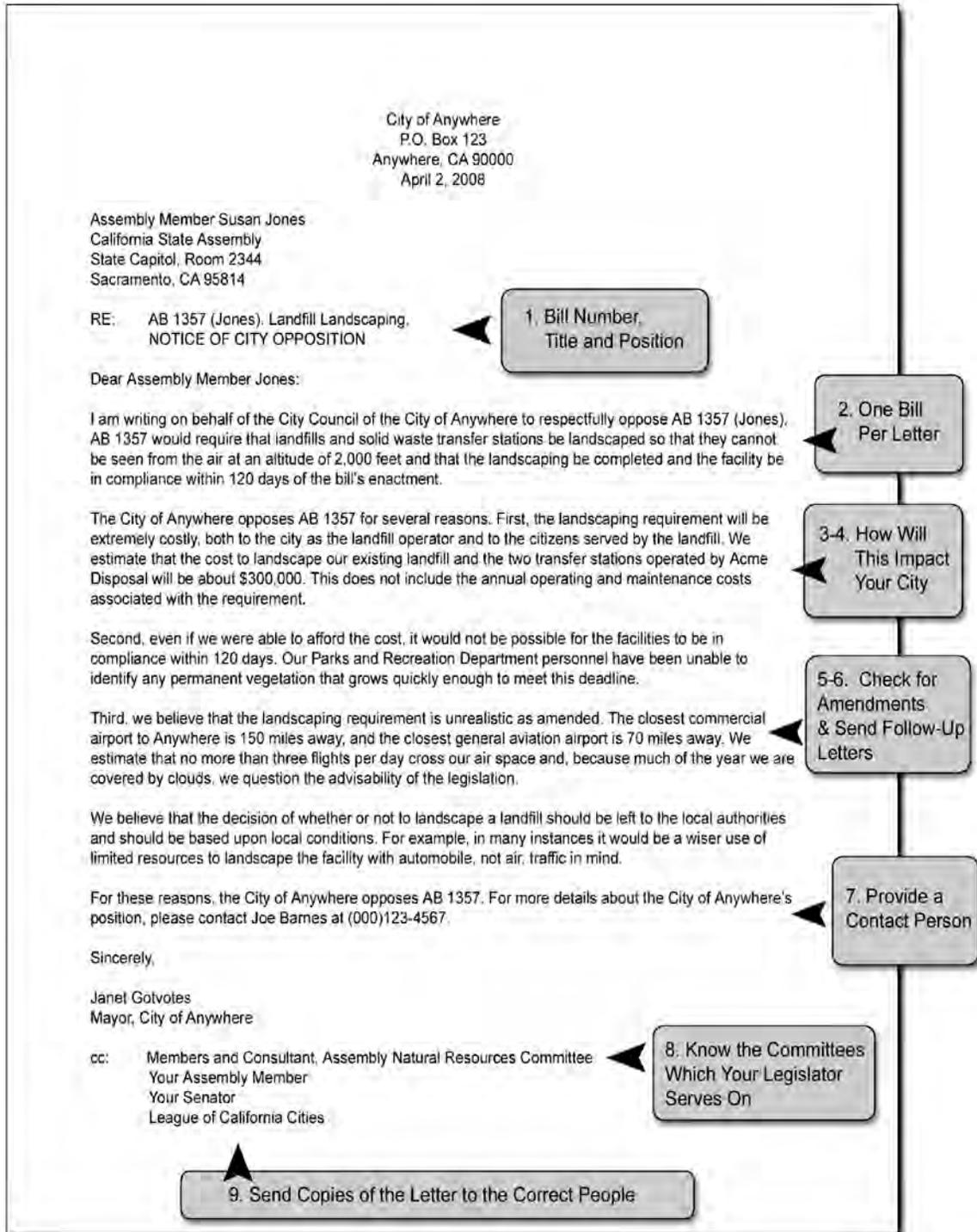
Note: With the exception of those addresses listed, and unless otherwise instructed, mail may be sent to:  
League of California Cities  
1400 K Street, 4th Floor  
Sacramento, CA 95814  
Fax: (916) 658-8240

## 10 Tips for Cities Lobbying the California Legislature

1. Become engaged in the state level political process by appointing a legislative liaison within your city to track key legislation and work with your regional public affairs manager. You can locate contact information for your regional public affairs manager online at [www.cacities.org/regionalmanagers](http://www.cacities.org/regionalmanagers).
2. Use the League as a resource. Visit [www.cacities.org/legresouces](http://www.cacities.org/legresouces) to access League priority bills, legislative contacts and additional information. The League's online bill tracking tool can be found at [www.cacities.org/billsearch](http://www.cacities.org/billsearch).
3. Read *CA Cities Advocate*, the League's online newsletter, to stay current on important legislation. Subscribe at [www.cacities.org/cacitiesadvocate](http://www.cacities.org/cacitiesadvocate).
4. Develop relationships with your Senate and Assembly representatives as well as their capitol and district office staff.
5. Get to know members of your local press and educate them on legislative issues affecting your city.
6. Understand how state decisions impact your city's budget.
7. Build networks and collaborate with other groups in your community on key legislative issues.
8. Organize an internal process within your city for developing and proposing changes to laws that will help your city.
9. Adopt local policies on legislation that enable your city to react quickly to the legislative process and respond to League action alerts.
10. Write letters on legislation featured in *CA Cities Advocate*. Sample letters can be found at [www.cacities.org/billsearch](http://www.cacities.org/billsearch) by searching with the bill number or bill author.

## Effective Letter Writing Techniques

- 1. Include the Bill Number, Title, and Your Position in the Subject Line.** Never bury the bill number and the action you want the legislator to take in the body of the letter.
- 2. One Bill per Letter.** Legislators file letters according to the bill number.
- 3. State the Facts.** Describe the impact the bill would have on your city. Use “real world” facts; legislators like to know how a bill would specifically affect cities in their districts. The League often provides a sample letter that includes space to describe local impacts. Take the time to provide such examples. This part of the letter is the most valuable to the legislator.
- 4. Think About the Message.** Letters may be targeted to specific legislators or entire committees. Think about who you want to act on the bill and message accordingly. If you are writing in support of transportation funding, emphasizing how the project will reduce greenhouse gases might be important to one legislator, while highlighting how the project could encourage additional development and jobs might be important to another. Both messages are correct, but your effectiveness will be in selecting the right message.
- 5. Check for Amendments.** Always check the League’s website ([www.cacities.org/billsearch](http://www.cacities.org/billsearch)) to make sure you are addressing issues in the latest draft. Bills are often significantly amended and the issue you are writing about may have changed or have been deleted altogether by the time you send your letter.
- 6. Send follow-up letters to the appropriate legislative committees as a bill moves along.** You can often use your original letter with some modifications. Visit [www.cacities.org/billsearch](http://www.cacities.org/billsearch) to track the bill’s location. In addition, *CA Cities Advocate*, the League’s online newsletter, features stories on key legislation.
- 7. Provide a Contact.** At the close of the letter, provide a contact person in case there are questions about the city’s position.
- 8. Know the Committees on Which Your Legislator Serves.** A legislator is likely to pay more attention to the bill positions of their constituents especially when it comes before his or her committee. At the committee level, this is even more important because your legislator has greater ability at this point in the legislative process to have the bill amended.
- 9. Copy the Right People.** Send a copy of the letter to your senator, assembly member and the League. Please also send a copy to each committee member and staff if applicable.



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