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COMMITTEE ON BUDGET AND FISCAL REVIEW
STATE CAPITOL – ROOM 5019
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Agenda

June 27, 2016

10:30 a.m. - Room 112

| <u>BILL</u> | <u>AUTHOR</u> | <u>SUBJECT</u> |
|--------------------|----------------------|--------------------------|
| A.B. 1611 | Committee on Budget | Public Resources |
| A.B. 1612 | Committee on Budget | Public Resources: Energy |
| A.B. 1618 | Committee on Budget | No Place Like Home |
| A.B. 1622 | Committee on Budget | Budget Act of 2016 |

SENATE COMMITTEE ON SENATE BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No: AB 1611 **Hearing Date:** June 27, 2016
Author: Committee on Budget
Version: June 15, 2016 As amended
Urgency: No **Fiscal:** Yes
Consultant: Catherine Freeman

Subject: Public resources

Summary: This bill makes various changes to implement the resources, environmental protection, energy, and agriculture budget actions adopted as part of the 2016-17 Budget package.

Proposed Law: This bill includes the following key changes.

Public Water System Consolidation. Provides for a revised definition of disadvantaged community to allow for public water system consolidation for communities with an annual median household income that is less than 80 percent of the statewide annual median, and that is served by a small public water system.

Drinking Water Program Expenditure Cap. Increases the cap on the total amount of funds received for state administration of the drinking water program from \$30.5 million to \$38.9 million.

California Endangered Species Act Fees. Requires the Department of Fish and Wildlife to collect a permit application fee for processing permits under the California Endangered Species Act (CESA), exempting voluntary habitat restoration and non-mitigation projects.

Water Board Per Diem Increase. Provides an increase in total compensation received by members of all regional water boards to not exceed \$378,350, and raises the daily per diem of each member of a regional water board from \$100 to \$250.

Timber Regulation and Forest Restoration Fund Per Diem. Authorizes the California Natural Resources Agency to use moneys specified in the fund to provide a reasonable per diem to non-government members for attendance at a meeting of the related advisory committee.

Environmental Lab Accreditation Cleanup. Requires the State Water Resources Control Board to adopt, by emergency regulation, a schedule of fees to recover reasonable regulatory costs incurred for the accreditation of environmental laboratories, and to review and revise these fees, as necessary, each fiscal year.

Toxic Treated Wood Waste. Extends to July 1, 2018, the time by which the Department of Toxic Substances Control is to prepare, post on its internet site, and

provide appropriate policy committees a comprehensive report related to toxic treated wood waste.

Streambed Alterations. Makes technical changes to streambed alteration fees by limiting fees to \$5,000 for a single project rather than an agreement, and changes the authorization of a graduated schedule of fees from the director of the Department of Fish and Wildlife to the department.

Pesticide Poisoning Sunset Date. Extends to January 1, 2019 from January 1, 2017, the date by which a laboratory testing for pesticide poisoning must share specified information with the Department of Pesticide Regulation.

Drought Reporting. Requires regular reporting by the California Natural Resource Agency on drought information for the previous year and, separately, on lessons learned from the state's response to drought.

Cross-Media Environmental Enforcement. Requires the boards and departments of the California Environmental Protection Agency to participate in, and undertake certain activities related, to focused environmental enforcement in disadvantaged communities.

Oil Spill Loans and Transfers. Extends to June 30, 2019 a general fund loan from the Oil Spill Response Trust Fund and specifies that the administrator is not allowed to increase fees to make up any shortfalls.

Natural Gas Tracking System Study. Provides that the California Energy Commission, on or before September 15, 2017, report to the Legislature on a recommended plan for tracking natural gas, as specified. Requires the Air Resources Board, in consultation with the commission, to develop a model of fugitive and vented emissions of methane from specified natural gas infrastructure.

Hazardous Waste Fees. Eliminates the option to pay a flat fee for a permit application in lieu of a fee for service, so that permit applicants pay the full costs associated with permitting efforts.

Salton Sea Design-Build Projects. Clarifies that the Department of Water Resources design-build authority includes specified programs related to the Salton Sea.

Environmental License Plate Fund Fee Increase. Increases, from \$38 to \$43, the fee for renewal, retention, transfer or duplication of environmental license plates.

Technical Cleanup. Clarifies that declaration of a seed, plant nursery stock, or crop as invasive is a power reserved for the Secretary of Food and Agriculture, and makes related technical changes, (2) provides for lead acid batteries to be included as a potential priority product in the priority work plan at the Department of Toxic Substances Control; (3) clarifies that the timeframe for a temporary permit or temporary change order for water rights diversion does not limit the authorization for beneficial use of water diverted to storage, oil definition, timber restoration and forest restoration fund; (4) makes technical changes to the encumbrance timing of a specific water rights fund appropriation; and, (5) contains necessary provisions to avoid a chaptering out issue

with SB 837 (Committee on Budget and Fiscal Review) of the current legislative session (General Government II Trailer Bill).

Fiscal Effect: Appropriates \$230,000 to the California Natural Resources Agency for support of the Timber Regulation and Forest Restoration public process and technical support.

Support: None received.

Opposed: None Received.

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SENATE COMMITTEE ON SENATE BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

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|--------------------|-----------------------|----------------------|---------------|
| Bill No: | AB 1612 | Hearing Date: | June 27, 2016 |
| Author: | Committee on Budget | | |
| Version: | June 23, 2016 Amended | | |
| Urgency: | Yes | Fiscal: | Yes |
| Consultant: | Catherine Freeman | | |

Subject: Public resources: energy

Summary: This bill makes various changes to implement the resources and energy budget actions adopted as part of the 2016-17 Budget package.

Proposed Law: This bill includes the following key changes.

Oil Definition. Defines “oil,” as currently specified for under the Elder California Pipeline Safety Act of 1981, to mean petroleum, petroleum products, anhydrous ammonia, and ethanol.

Pipeline Reporting. Requires the State Fire Marshall to provide to the Legislature an annual report containing specified information regarding the inspection of intrastate pipelines that transport hazardous materials.

Fund Transfer Repeal. Repeals the requirement that \$1 million be transferred annually from the Public Interest Research, Development, and Demonstration Fund to the Alternative and Renewable Fuel and Vehicle Technology Fund.

Oil, Gas, and Geothermal Administrative Fund (OGGAF) Uses. Authorizes the use of OGGAF for the State Air Resources Control Board and Office of Environmental Health Hazard Assessment for their activities related to oil and gas operations that may affect air quality, public health and public safety.

California Public Utilities Commission (CPUC) Reporting. Requires the CPUC to report to the Legislature on options to locate operations and staff outside the commission’s San Francisco headquarters.

Green Tariff Sunset. Repeals the sunset that would have ended the requirement that investor-owned utilities offer the Green Tariff Shared Renewable Program to customers. The program will now end when the 600 megawatt cap of the program is reached.

Biomethane Injection Study. Requests a study from the California Council on Science and Technology on technical aspects of biomethane related to its delivery in common carrier pipelines and impacts on end uses of biomethane.

Search Warrants for Smart Readers. Clarifies that a search warrant is not necessary for the collection of data related to smart meters.

New Solar Homes Partnership Program. Requires that, should the California Public Utilities Commission order a continuation of the New Solar Homes Partnership Program and determines that the California Energy Commission be the third party administrator, funds should be made available for this purpose.

Bioenergy Project Interconnections (BioMAT). Expedites transmission interconnections for specified bioenergy or biomass projects in order to give them first priority to commence operations over other renewable energy resources.

Self-Generation Incentive Program (SGIP). Doubles, from \$80 million to \$160 million annually, the amount of ratepayer subsidy paid to customers who install certain energy storage systems. These subsidies are intended to increase investments in energy storage and to provide both customers and energy storage manufacturers with incentives to purchase and install the systems.

Net Energy Metering For Fuel Cells (NEM FC). Extends the sunset from January 1, 2017 to January 1, 2022, for the NEM FC program; increases the overall megawatt cap on the program; and increases the amount of megawatts eligible for ratepayer subsidy.

Energy Service Companies (ESCOs). Authorizes the Department of General Services or any other state agency to enter into sole source, no bid contracts for up to 35 years with qualified energy service companies to install energy retrofit projects at state buildings provided the agency has a project labor agreement and meets other conditions.

Fiscal Effect: Provides for an appropriation of \$275,000 to the California Energy Commission for appliance efficiency standards compliance assistance and enforcement.

Support: None received.

Opposed: None received.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No: AB 1618 **Hearing Date:** June 27, 2016
Author: Committee on Budget
Version: June 23, 2016 Amended
Urgency: No **Fiscal:** Yes
Consultant: Farra Bracht

Subject: No Place Like Home Program: establishment

Summary: This bill establishes the No Place Like Home Program to further the development of permanent supportive housing for persons who are in need of mental health services and are homeless, chronically homeless, or at risk of homelessness.

Proposed Law: This measure includes the following key changes:

1. Establishes the No Place Like Home Program (NPLH) to be administered by the Department of Housing and Community Development (HCD), in consultation with an advisory committee with a specified membership, to distribute \$2 billion dollars among the counties to finance capital costs, including acquisition, design, construction, rehabilitation or preservation and capitalized operating costs of permanent supportive housing for persons who are eligible for services under Proposition 63 and are homeless, chronically homeless, or at risk of chronic homelessness.
2. States that establishing a housing program providing permanent supportive housing to persons who are in need of mental health services and are homeless, chronically homeless or at risk of homelessness is in furtherance of the purposes of Proposition 63, enacted in the November 2, 2004 statewide general election that imposed a one percent tax on income exceeding one million dollars.
3. Funds the program through the issuance of bonds by the Treasurer and secured by Prop 63 revenues and allocates the funds as follows:
 - \$1.8 billion for a competitive grant program to counties that meet minimum eligibility criteria related to their ability to use the funds to develop and operate permanent supportive housing to persons who are eligible for services under Proposition 63 and are homeless, chronically homeless or at risk of chronic homelessness, with a preference for targeting those who are chronically homeless or at risk of chronic homelessness.
 - \$200 million to be distributed to counties for construction, rehabilitation or preservation and capitalized operating costs of permanent supportive housing for persons who are eligible for services under Proposition 63 and are homeless, chronically homeless or at risk of chronic homelessness, with a priority for with mental health supportive needs who are homeless or at risk of chronic homelessness.

4. Authorizes an alternative process to the competitive grants for counties with at least five percent of the state's homeless population and provides a set aside of eight percent for small counties.
5. Establishes four categories for the competitive grants based on population, with a separate category for Los Angeles County and requires at least four rounds of grants as specified.
6. Specifies that the loans are in the form of secured deferred payment loans to pay for the costs of development and specifies additional loan terms; provides for funds to secure or avert default.
7. Appropriates \$6.2 million from Prop 63 funds for technical and application assistance to the counties, specifies amounts based on county size and authorizes HCD to contract for expert technical assistance.
8. Requires annual reporting by the counties, HCD and an evaluation.
9. Authorizes a General Fund loan of \$1 million for program implementations prior to receipt of bond funds.
10. States legislative intent that the costs to service the debt for the bond shall not impede direct mental health services provided by the counties.
11. Makes the following changes to the Mental Health Services Act (MHSA) to improve transparency and accountability:
 - Requires the Department of Health Care Services (DHCS) to revise MHSA county annual revenue and expenditure reporting requirements, in consultation with county representatives, to ensure timely, accurate, and consistent data.
 - Requires DHCS to regularly post the annual revenue and expenditure reports and each county's three-year MHSA expenditure plan.
 - Requires counties to certify the accuracy of the data they submit to DHCS.
 - Permits DHCS to request that the State Controller's Office withhold MHSA funds from counties that fail to comply with reporting requirements.
 - Requires DHCS to regularly conduct county MHSA program reviews (as related to the requirements of the existing performance contracts) and to post on its website findings from these reviews and county plans of corrections when deficiencies are identified.
 - Requires DHCS to summarize county MHSA performance outcomes.

12. Amends the MHSA to provide that at least one of the Governor's appointees to the Mental Health Services Oversight and Accountability Commission shall have a background in auditing.

Fiscal Effect: Appropriates \$6.2 million from Prop. 63, authorizes a General Fund loan of \$1 million, and provides for the issuance of \$2 billion in bonds by the Treasurer and secured by Prop. 63 revenues.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON SENATE BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No: AB 1622 **Hearing Date:** June 27, 2016
Author: Committee on Budget
Version: June 23, 2016 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Farra Bracht

Subject: Budget Act of 2016

Summary: The Legislature passed the 2016 Budget Act on June 15, 2016. This bill makes adjustments to two budget items that provide new resources for homeless programs.

Background: As part of the 2016-17 budget package, Assembly Bill 1622 makes changes necessary to implement the budget act.

Proposed Law: This bill:

1. Provides the Department of Health Care Services \$500,000 Mental Health Services Act (MHSA) funds from the state administrative cap for additional oversight staff to conduct county program reviews, pursuant to MHSA performance contracts, and work with counties on findings from these reviews and corrective action plans.
2. Carves out \$10 million of the budget appropriation previously made for the California Emergency Solutions Grants Program and, instead, directs it for the expansion of the existing Homeless Youth and Exploitation Program at the Office of Emergency Services. Specifies that the expansion shall include, over five years, new pilot projects in four additional counties: Orange, Fresno, San Bernardino, and El Dorado.
3. Carves out \$10 million from the current Proposition 41 program and, instead, directs it for loans to counties and/or nonprofit organizations for the construction or rehabilitation of transitional housing or shelter facilities that provide services for homeless veterans. Priority will be given for applicants that demonstrate need and focus on long-term solutions, including mental health and addiction treatment services, as well as having proven long-term effectiveness.

Fiscal Effect: The funding related to these changes is contained in the 2016-17 budget.

Support: None on file.

Opposed: None on file.

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