California Legislature

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

JIM BEALL
CHAIRMAN

Tuesday, June 27, 2017
1:30 p.m. — John L. Burton Hearing Room (4203)
(PROPOSED CONSENT ITEMS INDICATED WITH *)

AGENDA

1.	S.C.R. 57*	Cannella	Memorial Highways
2.	S.C.R. 60*	Nguyen	Lieutenant Colonel Nguyen Thi Hanh Nhon's Disabled Veterans Memorial Highway.
3.	A.B. 25	Nazarian	Tour buses: modified tour buses.
4.	A.B. 45	Thurmond	California School Employee Housing Assistance Grant Program.
5.	A.B. 73	Chiu	Planning and zoning: housing sustainability districts.
6.	A.B. 74	Chiu	Housing.
7.	A.B. 188*	Salas	Vehicle retirement and replacement.
8.	A.B. 193	Cervantes	Air Quality Improvement Program: Clean Reused Vehicle Rebate Project.
9.	A.B. 317	Aguiar-Curry	Napa County; farmworker housing.
10.	A.B. 344	Melendez	Toll evasion violations.
11.	A.B. 515	Frazier	State Highway System Management Plan.
12.	A.B. 571*	E. Garcia	Income taxes: insurance tax: credits: low-income housing: farmworker housing assistance. (Tax Levy)
13.	A.B. 582	C.Garcia	Vehicles: emissions: certification, auditing, and compliance.
14.	A.B. 623	Rodriguez	Autonomous vehicles: accident reporting.
15.	A.B. 634	Eggman	Real property: solar energy systems.
~~16.~~	~~A.B. 686~~	~~Santiago~~	~~Housing discrimination: affirmatively further fair housing.~~
17.	A.B. 692	Chu	Schoolbuses: passenger restraint systems.

California Legislature

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

JIM BEALL
CHAIRMAN

STATE CAPITOL, ROOM 2209
SACRAMENTO, CA 95814
TEL (916) 651-4121

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AGENDA

17. A.B. 697	Fong	Tolls: exemption for privately owned emergency ambulances.
18. A.B. 866*	Cunningham	State highways: gateway monuments.
19. A.B. 1094*	Choi	Vehicles: automated traffic enforcement systems.
20. A.B. 1127	Calderon	Baby diaper changing stations.
21. A.B. 1274	O'Donnell	Smog check: exemption.
22. A.B. 1282*	Mullin	Transportation Permitting Taskforce.
23. A.B. 1317	Gray	Carl Moyer Memorial Air Quality Standards Attainment Program.
24. A.B. 1444	Baker	Livermore Amador Valley Transit Authority: demonstration project.
25. A.B. 1613	Mullin	San Mateo County Transit District: retail transactions and use tax.
26. A.B. 1633*	Frazier	State highways: exit information signs.
27. A.B. 1714*		Committee on Housing and Community Development Income taxes: credits: low-income housing: farmworker housing: building standards: housing and home finance.

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	SCR 57	**Hearing Date:**	6/27/2017
Author:	Cannella		
Version:	6/19/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Randy Chinn		

SUBJECT: Memorial highways.

DIGEST: This bill designates portions of State Route 183 and State Highway 101 as the United States Army Chief Warrant officer 2 Edward Balli Memorial Highway and as the United States Army Specialist Vilmar Galarza Hernandez Memorial Highway.

ANALYSIS:

The committee has adopted a policy regarding the naming of state highways or structures. Under the policy, the committee will consider only those resolutions that meet all of the following criteria:

1) The person being honored must have provided extraordinary public service or some exemplary contribution to the public good and have a connection to the community where the highway or structure is located.

2) The person being honored must be deceased.

3) The naming must be done without cost to the state. Costs for signs and plaques must be paid by local or private sources.

4) The author or co-author of the resolution must represent the district in which the facility is located, and the resolution must identify the specific highway segment or structure being named.

5) The segment of highway being named must not exceed five miles in length.

6) The proposed designation must reflect a community consensus and be without local opposition.

7) The proposed designation may not supersede an existing designation unless the sponsor can document that a good faith effort has uncovered no opposition to rescinding the prior designation.

This bill designates State Route 182 from Davis Road to Espinosa Road in the City of Salinas as the United States Army Chief warrant Officer 2 Edward Balli Memorial Highway, and designates State Route 183 from State Highway 101 to State Route 183 at Davis Road in the City of Salinas as the United States Army Specialist Vilmar Galarza Hernandez Memorial Highway. The Department of Transportation is requested to determine the cost of appropriate signs and, upon receiving sufficient donations from non- state sources, to erect those signs.

COMMENTS:

1) *Purpose.* The purpose of this resolution is to honor the life and service of United States Army Chief Warrant Officer 2 Edward Balli and United States Army Specialist Vilmar Galarza Hernandez.

2) *Background on Chief Warrant Officer 2 Balli.* United States Army Chief Warrant Officer 2 Edward Balli is from Salinas, California and a North Salinas High School graduate. He received two Bronze Stars for his service in Iraq and Afganistan. Chief Warrant Officer 2 Balli was killed in action in Kandahar Province, Afganistan on January 20, 2014.

3) *Background on Specialist Hernandez.* United States Army Specialist Vilmar Galarza Hernandez is from Salinas, California and an Everett Alvarez High School graduate. He received the Purple Heart and Bronze Star. Specialist Hernandez was killed in action in Kandahar Province, Afghanistan on May 26, 2012.

4) *Consistent with committee policy.* This resolution is consistent with the provisions of the committee's policy on highway designation.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

Monterey County Board of Supervisors (sponsor)

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	SCR 60	**Hearing Date:**	6/27/2017
Author:	Nguyen		
Version:	6/5/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Randy Chinn		

SUBJECT: Lieutenant Colonel Nguyen Thi Hanh Nhon's Disabled Veterans Memorial Highway.

DIGEST: This measure would designate a specified portion of Interstate 405 in the County of Orange as the Lt. Colonel Nguyen Thi Hanh Nhon's Disabled Veterans Memorial Highway.

ANALYSIS:

The committee has adopted a policy regarding the naming of state highways or structures. Under the policy, the committee will consider only those resolutions that meet all of the following criteria:

1) The person being honored must have provided extraordinary public service or some exemplary contribution to the public good and have a connection to the community where the highway or structure is located.

2) The person being honored must be deceased.

3) The naming must be done without cost to the state. Costs for signs and plaques must be paid by local or private sources.

4) The author or co-author of the resolution must represent the district in which the facility is located, and the resolution must identify the specific highway segment or structure being named.

5) The segment of highway being named must not exceed five miles in length.

6) The proposed designation must reflect a community consensus and be without local opposition.

7) The proposed designation may not supersede an existing designation unless the sponsor can document that a good faith effort has uncovered no opposition to rescinding the prior designation.

This measure would designate a portion of Interstate 405 northbound in the County of Orange between Magnolia Street, approximately postmile 15.509, and Brookhurst Street, approximately postmile 13.780, as the Lt. Colonel Nguyen Thi Hanh Nhon Disabled Veterans Memorial Highway. The measure would also request the Department of Transportation to determine the cost of appropriate signs showing this special designation and, upon receiving donations from non-state sources covering the cost, to erect those signs.

COMMENTS:

1) *Purpose*. The purpose of this resolution is to honor the life and service of Lieutenant Colonel Nguyen Thi Hanh Nhon

2) *Background on Lieutenant Colonel Nguyen*. Nguyen Thi Hanh Nhon was born in 1927 in Hue, Việt Nam. Ms. Nguyen served as a Lieutenant (Lt.) Colonel of the Air Force of the Republic of Vietnam. After the fall of Saigon in 1975, Lt. Colonel Nguyen was imprisoned in a reeducation camp for nearly five years. In 1990, one of her sons sponsored her to come to the United States via the Humanitarian Operation under the Orderly Departure Program and she became a resident of the City of Garden Grove. In 1991, Lt. Colonel Nguyen joined the Mutual Society of Political Prisoners and served as its Vice President to help those in Việt Nam who qualified under the Humanitarian Operation to come to the United States. Once those qualifying under the Humanitarian Operation arrived in the United States, Lt. Colonel Nguyen helped them find work and housing, enrolled children in schools, and more importantly, helped them to adjust to life in America. In 1994, when the Humanitarian Operation ended, Lt. Colonel Nguyen and the group organized a Humanitarian Operation Mutual Society for Việt Nam Wounded Veterans, of which she became president in 2006. Through this organization, Lt. Colonel Nguyen assisted disabled Veterans of the Republic of Vietnam who were still in Việt Nam facing financial difficulties and raised awareness to help the wounded soldiers in Việt Nam. Over the past 10 years, Lt. Colonel Nguyen has helped serve over 22,000 disabled veterans of the Army of the Republic of Vietnam. Lt. Colonel Nguyen was an active member of several community-based organizations dedicated to improving the lives of Vietnamese Americans in the County of Orange and throughout the State of California. On April 18, 2017, Lt. Colonel Nguyen passed away at the age of 90.

3) *Consistent with committee policy.* This resolution is consistent with the provisions of the committee's policy on highway designation.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

None received.

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 25	**Hearing Date:**	6/27/2017
Author:	Nazarian		
Version:	5/26/2017 Amended		
Urgency:	No	**Fiscal:**	No
Consultant:	Mikel Shybut		

SUBJECT: Tour buses: modified tour buses.

DIGEST: This bill allows local authorities to, by ordinance or resolution, both restrict the routes that an open top tour bus may operate on and prohibit their use of loudspeakers or public address systems.

ANALYSIS:

Existing law:

1) Defines a "bus" as any vehicle designed, used, or maintained for carrying more than 15 persons including the driver, and as any vehicle carrying more than 10 persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group.

2) Defines a "tour bus" as a bus, which is operated by or for a charter-party carrier of passengers (CPC) or a passenger stage corporation (PSC), as defined in the Public Utilities Code (PUC).

3) Requires an operator of a tour bus to, at all times when operating the tour bus, use a safety belt and report any accidents involving the tour bus to the CHP.

4) Defines "charter-party carrier of passengers" (CPC) as every person engaged in the transportation of person by motor vehicle for compensation, whether in common or contract carriage, over any public highway in the state.

5) Authorizes CPUC to regulate private carriers of passengers, including requiring public liability and property insurance, cargo insurance, knowledge of rates, documentation, timely reporting of revenues and payment fees, and take appropriate enforcement actions and other provisions, as specified.

6) Prohibits CPUC from issuing or continuing in effect any permits, certificates, or authority of a CPC or PSC that has not submitted fees required for inspection by CHP, as specified.

7) Requires CHP to regulate the safe operation of specified motor trucks including tour buses, and establish regulations regarding equipment and operations.

This bill:

1) Specifies that the term "tour bus" includes a bus that has had its roof substantially structurally modified or removed.

2) Allows local authorities to adopt rules and regulations by ordinance or resolution to restrict the routes or streets upon which a modified, open roof tour bus may operate, if they determine that it is unsafe to do so.

3) Allows local authorities to adopt rules and regulations by ordinance or resolution to prohibit the use of loudspeakers or public address systems by an open roof tour bus.

COMMENTS:

1) *Purpose.* According to the author, "Certain rogue tour buses are turning the narrow and winding streets of Hollywood area into a danger zone. In particular, chopped open-roof buses with aggressive operators knowingly break the law by violating numerous rules of the road and potentially put passengers in life-threatening situations. AB 25 gives locals more flexibility and enforcement capabilities to curb bad actors by authorizing local jurisdictions to restrict the routes or streets upon which modified tour buses may be operated if the jurisdiction determines that it is unsafe to operate on those routes. Ultimately, this bill would increase local control and ensure the safe operation of this narrow category of vehicle while allowing the tourism industry to continue to thrive."

2) *Seeing stars.* Popular with tourists, open-roof bus tours of Hollywood and Beverly Hills neighborhoods provide an opportunity to see where movie stars live. However, some tour companies are operating tour buses that are, essentially, modified passenger vans that have had their roofs removed. The safety of these vehicles is questionable and has even drawn the attention of the National Highway Traffic Safety Administration (NHTSA). In August, 2016, NHTSA sent letters to open-top tour bus operators expressing concerns about the safety of their passengers and urging them to stop using them. NHTSA

expressed particular concern about the safety risks in a rollover accident and noted that seat belt modifications necessitated by removing the roof may affect the overall safety of the seat belts. According to media reports, NHTSA also contacted the company suspected of making the modifications and requested that they discontinue doing so.

3) *NBC investigates.* An NBC4 Los Angeles investigation unit studied the modified tour buses by going on over 20 tours. Their 2016 report, which brought attention to the issue, cited a host of safety concerns including modified, missing or rusted seat belts, distracted drivers on smartphones, illegal parking and jaywalking habits, drivers operating on a suspended license, non-permitted vans, and overweight vehicles operating on roads with weight limits. According to the CPUC database, a tour company mentioned in the report appears to have had their CPC sight-seeing permit revoked as of May 30, 2017, though it's not clear why.

4) *False stars.* The investigation also found that tour guides often fabricate the information they provide regarding celebrity homes, resulting in unwanted attention for those homeowners. NBC reports that, unlike San Francisco and San Diego, Los Angeles does not have a tour guide certification program. San Francisco's Tour Guide Guild certification requires up to 85 hours of tour guide experience, a minimum of six educational programs, and a certification exam with a written and oral component.

5) *Registration and licensing.* The Department of Motor Vehicles (DMV) requires a motor vehicle be registered as a commercial bus if it is designed to carry more than 10 persons, including the driver, and being used to transport people for compensation or profit. DMV requires anyone operating a commercial vehicle to obtain a commercial driver license (CDL). Applications for a CDL require a recent medical report, consent for drug or alcohol blood testing, an acceptable birth date/legal presence document, Social Security Card, and application fee. Commercial drivers are required to notify their employer of any traffic conviction within 30 days and of any revocation, suspension, cancellation, or disqualification by the end of the following business day.

6) *Permitting.* The California Public Utilities Commission (CPUC) provides permits for and regulates both CPCs and PSCs. The CPUC requires CPCs to meet a number of requirements before an operating permit or certificate is issued. These requirements include providing sufficient proof of financial responsibility, maintaining a preventative maintenance program for all vehicles, possessing a safety education and training program, and regularly checking the driving records of all persons operating vehicles used in transportation for

compensation. They also require a CHP safety inspection for any vehicle seating more than 10 people, including the driver, before issuing a permit. The Transportation Enforcement Branch (TEB) of the CPUC investigates carriers and issues citations and cease and desist orders for carriers in violation of the PUC. Looking at past CPUC press releases, some Hollywood tour companies appear to have received citations or cease and desist notices over the past few years.

7) *CHP inspections*. CPC and PSC maintenance facilities or terminals are required to be inspected at least once every 13 months by CHP. Terminal inspections include a check of maintenance, licensing, any pull notices, and the hours of service records. They also inspect a sampling of vehicles in a fleet to ensure all safety equipment is installed and functioning. CHP is also required to conduct inspections without prior notice of any tour bus operation that have a history of noncompliance with safety laws or regulations that have received unsatisfactory ratings or that have had buses ordered out of service for safety violations. If the CHP finds that a tour bus operator failed to maintain any vehicle in a safe operating condition or in compliance with specified requirements, the carrier operator may have their certificate or permit suspended, denied, or revoked by the CPUC.

8) *Significant amendments*. This bill was amended significantly in Assembly Appropriations. A number of provisions were removed, including a requirement that the California Highway Patrol (CHP) develop and implement an inspection and certification program for tour buses, a prohibition on tour buses that were not inspected and certified as safe, a requirement for tour buses to be equipped with passenger seatbelts and a requirement that passengers to wear them. According to Assembly Appropriations, while CHP does conduct basic safety assessments, they do not have the equipment necessary to determine the structural integrity of such modified vehicles and do not know whether a private contractor exists to do the examinations.

9) *Local issue, local control*. Beyond the regulations enforced by the PUC and CHP, this bill allows local authorities to restrict the routes that these modified tour buses travel on and their use of loud speakers to prevent neighborhood noise pollution. Given that this is primarily a problem in the Los Angeles area, this seems a practical solution.

10) *Double referred*. This bill is double referred to the Senate Energy, Utilities, and Communications Committee.

RELATED LEGISLATION:

AB 1677 (Ting, Chapter 685 of 2016) — requires CHP to develop protocols for the inspection of tour buses by local agencies.

SB 247 (Lara, Chapter 705 of 2016) — Requires a CPC engaged in charter bus transportation to ensure each vehicle operated for that purpose is equipped with specified safety features.

SB 812 (Hill, Chapter 711 of 2016) — Imposes additional, performance-based requirements on the inspection of tour buses.

Assembly Votes:
Floor: 76-1
Appropriations: 16-0
Communications and Conveyance: 13-0

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

Cahuenga Pass Property Owners Association
California Association of Highway Patrolmen
California Bus Association
California Travel Association
City of Los Angeles
Consumer Attorneys of California
Consumer Federation of California
David E. Ryu, Los Angeles Councilmember, 4th District
Federation of Hillside and Canyon Associations, Inc.
Hollywood Hills West Neighborhood Council
Hollywood United Neighborhood Council
Outpost Homeowners Association

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 45	**Hearing Date:**	6/27/2017
Author:	Thurmond		
Version:	5/30/2017 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alison Hughes		

SUBJECT: California School Employee Housing Assistance Grant Program.

DIGEST: This bill requires the California Housing Finance Agency (CalHFA) to administer the California School Employee Housing Assistance Grant Program, a predevelopment grant and loan program, to fund the creation of affordable housing for school district employees, including teachers.

ANALYSIS:

Existing law:

1) Establishes a number of programs at the Department of Housing and Community Development (HCD) to make housing more affordable to California families and individuals, including the following main programs:

    a) Multifamily Housing Program (MHP), which funds the new construction, rehabilitation, and preservation of permanent and transitional rental homes for lower income households through loans to local governments, non-profit developers, and for-profit developers.
    b) CalHome Program, which funds downpayment assistance, home rehabilitation, counseling, self-help mortgage assistance programs and technical assistance for self-help and shared housing through grants and loans.

2) Establishes CalHFA, which serves as the state's affordable housing bank.

This bill:

1) Requires CalHFA to administer a program to provide financing assistance for the creation of affordable rental housing, defined as serving persons and families of low- or moderate-income, for school district employees. The

financing shall be in the form of predevelopment grants to qualified school districts and loans to qualified developers.

2) Defines "qualified developer" as a developer that has partnered with a qualified school district to create affordable rental housing for school district employees.

3) Defines "qualified school district" as a school district that satisfies the following:
    a) Has acquired land that may be used to engage in a lease and development agreement, including, but not limited to, a joint occupancy agreement, for the purposes of design, construction, financing, and long-term operation of a housing development and amenities from a school district, special district or a city.
    b) Has a high percentage, as determined by the California Department of Education (CDE) of teachers with intern credentials, permits, and waivers, based upon the most recent report published by the Commission on Teacher Credentialing at the time the school district has submitted an application, as specified.
    c) Demonstrates to the CDE that the project is both subject to a project labor agreement and is either a public work or otherwise subject to a legally binding requirement that prevailing wages be paid to all workers employed by the project.

4) Requires CalHFA to oversee the program, make loans to qualified developers, publish deadlines and procedures for applicants, require affordability of units to be restricted to 55 years, and award predevelopment grants, as specified.

5) Creates a California School Employee Housing Assistance Fund, with a $25 million appropriation.

6) Requires CalHFA to make loans to qualified developers using a project selection process established by the agency that meets all of the following requirements:
    a) To the extent feasible, ensure a reasonable geographic distribution of funds.
    b) Require applications for projects to meet minimum threshold requirements, including but not limited to all of the following:
        i) The proposed project is located within reasonable proximity to public transportation and services.
        ii) Development costs for the proposed project are reasonable compared to costs of comparable projects in the area.
        iii) The proposed project is feasible.

c) The proposed project leverages other funds where they are available.
d) Each project shall be eligible for a loan not to exceed $10 million.

7) Requires loans made pursuant to this program to be for a term of not less than 55 years. Principal and interest is due and payable upon completion of the term of the loan and the loan shall bear simple interest at the rate of 3% per year on the unpaid principal balance. The agency shall require annual loan payments in a minimum amount necessary to cover the costs of project monitoring. For the first 30 years of the loan term, the amount of the required loan payments shall not exceed .42% per year. Any money received in repayment of the loans shall be deposited in the Fund.

COMMENTS:

1) *Purpose of the bill.* According to the author, "AB 45 is a solution that works to provide a balance of jobs and housing that will support and strengthen our diverse communities. Housing for our school employees has proven to be a solution in various districts both within and outside this state. Providing a mechanism for school districts to provide affordable housing and improve student outcomes is a win for community and for our kids."

2) *Housing Financing Background*. Historically, the state has funded housing programs through the sale of general obligations bonds. Most recently, the voters approved a $2.1 billion bond through Proposition 46 in 2002 and then a $2.85 billion bond through Proposition 1C in 2006. These funds financed the construction, rehabilitation, and preservation of 183,000 units, including shelter spaces and permanent supportive housing for the homeless. HCD has awarded almost all of the funds made available under these propositions, particularly in its main programs. Additionally with the loss of redevelopment funding, California has lost an estimated $1.5 - $1.7 billion per year in funding for affordable housing.

3) *CalHFA and HCD*. CalHFA, the state's affordable housing bank, provides down payment assistance to qualified low- and moderate-income buyers through a loan secured on the property that is repaid when a home sells. In addition, CalHFA provides loans to multifamily housing developers to construct affordable housing. CalHFA does not receive funding from the General Fund and pays for its programs by issuing bonds, which are then repaid from loan proceeds.

   HCD operates a variety of programs that support the acquisition, rehabilitation and construction of affordable housing to very low-, low- and moderate-income

households. MHP provides gap financing to affordable housing developers. Developments financed using MHP or CalHFA's multifamily loans agree to provide the housing for a term of 55 years. The loans are made for 55 years at 3% interest per year on the outstanding balance of the loan. HCD also operates a predevelopment loan program that provides loans up to $100,000 to non-profit housing developers, local governments, housing cooperates or limited liability companies in which all the members are non-profits. The loans may be used for control, site acquisition for future low-income housing development, engineering studies, architectural plans, application fees, legal services, permits, bonding, and site preparation.

Given that this bill proposes to provide general funds for the creation of affordable rental housing for school employees, the author has agreed to require HCD, instead of CalHFA, to administer the California School Employee Housing Assistance Program.

4) *Special populations*. It is no secret that California currently faces an affordable housing crisis. A person earning minimum wage must work three jobs on average to pay the rent for a two-bedroom unit. Housing units affordable to low-income earners, if available, are often in serious states of disrepair. A recent report by HCD highlighted the depths of the resulting housing shortage, showing that statewide for low-, very low-, and extremely low- households, California is short about 3.5 million rental units. That same report showed that for moderate- and above moderate-income levels, there was a sufficient number of rental housing, at least on a statewide average basis, indicating that the focus should be on the poorest households.

   While school employees are adversely affected by the high cost of housing in California, so are many other populations. Are school employees more deserving of housing than children aging out of the foster care system, homeless LGBTQ individuals, and single-mothers with children working multiple jobs, veterans, or domestic violence survivors? The committee may wish to consider whether this program should focus more broadly on finding investments to fund housing affordable to all vulnerable, lower-income populations, rather than single-out individual groups to the detriment of others.

5) *Opposition and labor provisions*. A coalition of builders and contractors is opposed to this bill due to the requirement in the bill that any project funded by a predevelopment grant is subject to a project labor agreement (PLA). The opposition states that supporters of PLAs justify them in complex, major projects comprised of many trades, but point out that building affordable

housing is not complex. The opposition also points to studies that demonstrated PLAs result in higher bidding and construction costs.

According to the Nonprofit Housing Association of Northern California (NPH), who removed their support from this bill following the PLA amendment, the provision would be the most far-reaching and expansive labor requirement in any of the affordable housing funding bills in the Legislature this session. NPH has suggested that, similar to other proposals from the building trades, this bill should instead create a baseline of requiring prevailing wages and leave the imposition of a PLA requirement up to the local jurisdictions that would actually be helping to finance the project. Some school districts, especially in suburban and rural areas, would want to do a relatively small teacher-housing building with stick construction, surface parking and stairs (no elevators). NPH states that it doesn't make sense to have a 30- or 40-unit project have to try to administer a PLA as if it were a large public works project.

6) *Funding*. This bill proposes to make a $25 million appropriation, but it is not clear where that funding would come from.

7) *Author's Amendments*. The author is proposing to make several relatively technical amendments to the bill, which would do the following: (1) permit school districts to submit documentation to CDE and for CDE to assess whether the school has a recruitment and retention problem; clarify that predevelopment grants are to go to developers, not school districts; provide that no funds will count towards the Proposition 98 funding guarantee; and require HCD to certify that any project funded through a predevelopment grant meets specified requirements.

8) *Double-referral.* This bill is double-referred to the Senate Education Committee.

RELATED LEGISLATION:

AB 2200 (Thurmond, 2016) — Would have required California Housing Finance Agency (CalHFA) to administer a grant program to provide development financing assistance to qualified school districts for the creation of affordable rental housing for school districts employees, including teachers. *This bill was held on the Assembly Appropriations suspense file.*

SB 1413 (Leno, Chapter 732, Statutes of 2016) — Established the Teacher Housing Act of 2016 to, among other things, make clear that housing provided

exclusively for teachers could receive funding from the Low Income Housing Tax Credit program.

Assembly Votes:
Floor: 53-19
Appr: 12-5
Ed.: 5-2
H&CD: 7-0

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

California Federation of Teachers (co-sponsor)
California Teachers Association (co-sponsor)
State Building Trades and Construction Council (co-sponsor)
AFL-CIO Housing Investment Trust
California Apartment Association
California Association of Realtors
California Faculty Association
California School Employees Association
Common Sense Kids Action
Compton Unified School District
Congressmember Mark DeSaulnier, 11th District
Contra Costa Supervisor John Gioia
League of California Cities
San Francisco Unified School District
Santa Clara County Office of Education
The Arc and United Cerebral Palsy Collaboration
United Teachers of Richmond
West Contra Costa Unified School District

OPPOSITION:

California Fire Sprinkler Association
Central Valley Association Builders and Contractors
Independent Roofing Contractors of California
Plumbing-Heating-Cooling Contractors Association of California
San Diego Associated Builders and Contractors

Southern California Associated Builders and Contractors
Western Electrical Contractors Association

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 73	**Hearing Date:**	6/27/2017
Author:	Chiu		
Version:	6/19/2017 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alison Hughes		

SUBJECT: Planning and zoning: housing sustainability districts.

DIGEST: This bill allows a city or county to create a housing sustainability district to complete upfront zoning and environmental review in order to receive incentive payments for development projects that are consistent with the district's ordinance

ANALYSIS:

Existing law:

1) Requires a locality to give public notice of a hearing whenever a person applies for a zoning variance, special use permit, conditional use permit, zoning ordinance amendment, or general or specific plan amendment.

2) Requires the board of zoning adjustment or zoning administrator to hear and decide applications for conditional uses or other permits when the zoning ordinance provides therefor and establishes criteria for determining those matters, and applications for variances from the terms of the zoning ordinance.

3) Requires localities to prepare and adopt a general plan, including a housing element, to guide the future growth of a community. The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policy objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing.

4) Requires the housing element to identify adequate sites for housing, including rental housing, factory-built housing, mobile homes, and emergency shelters and to make adequate provision for the existing and projected needs of all economic segments of the community.

5) Requires localities within the territory of a metropolitan planning organization (MPO) to revise their housing elements every eight years following the adoption of every other regional transportation plan. Localities in rural non-MPO regions must revise their housing elements every five years.

6) Permits localities, after the adoption of a general plan, to prepare specific plans for the systematic implementation of the general plan for all or part of the area covered by the general plan. A specific plan shall include a statement of the relationship to the general plan, and a text and a diagram or diagrams which specify all of the following in detail:
    a) The distribution, location, and extent of the uses of land, including open space, within the area covered by the plan.
    b) The proposed distribution, location, and extent and intensity of major components of public and private transportation, sewage, water, drainage, solid waste disposal, energy, and other essential facilities proposed to be located within the area covered by the plan and needed to support the land uses described in the plan.
    c) Standards and criteria by which development will proceed, and standards for the conservation, development, and utilization of natural resources, where applicable.
    d) A program of implementation measures including regulations, programs, public works projects, and financing measures necessary to carry out paragraphs (1), (2), and (3).

7) Requires, under the California Environmental Quality Act (CEQA), a lead agency to prepare or cause to be prepared and certify the completion of an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project would have a significant effect on the environment.

8) Requires localities, upon the approval of a general plan, to submit an annual report to the Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD). The report shall contain the following:
    a) The status of the general plan and progress in its implementation.
    b) The progress in meeting its share of regional housing needs and local efforts to remove governmental constraints to the maintenance, improvement, and development of housing.

This bill:

1) Permits a locality, upon receipt of preliminary approval by HCD, to establish by ordinance a housing sustainability district. Defines "housing sustainability district" as an area within a locality that is superimposed over an area within the locality in which a developer may elect to develop a project in accordance with the sustainability district ordinance or the localities otherwise applicable general plan and zoning ordinances.

2) Defines "developable area" as the area within a housing sustainability district that can be feasibly developed into residential or mixed-use development. "Mixed-use" means that up to 50% of the square footage is designated for nonresidential use.

3) Requires an area proposed to be designated as a housing sustainability district shall satisfy the following requirements:
    a) The area is an eligible location, defined as any of the following: an area located within ½ mile of public transit; an area of concentrated development; or an area that, by virtue of existing infrastructure, transportation access, existing underutilized facilities, or location, is highly suitable for residential or mixed-use housing sustainability district.
    b) The area is zoned to permit residential use through the ministerial issuance of a permit. Other uses may be permitted by conditional use or other discretionary permit, provided it is consistent with residential use.
    c) Density ranges for multifamily housing shall not be less than those deemed appropriate to accommodate housing for lower-income households as set forth in Housing Element Law, and a density for single-family housing shall not be less than 10 units per acre.
    d) The development is permitted, consistent with neighborhood building and use patterns and any applicable building codes.
    e) Limitations or moratoriums on residential use do not apply to any of the area, other than any limitation or moratorium imposed by court order.
    f) The area is not subject to any general age or other occupancy restrictions, except projects exclusively for the elderly or the disabled for assisted living.
    g) Housing units comply with all applicable federal, state and local fair housing laws.
    h) The area of the housing sustainability district does not exceed 15% of the total land area under the locality unless HCD approves a larger area. The total area of all housing sustainability districts in a locality shall not exceed 30% of the total land area in the locality.

i) The ordinance establishing the housing sustainability district provides for the manner of review by the approving authority, as designated by the ordinance, in accordance with the rules and regulations adopted by HCD.
j) Development projects in the area comply with requirements regarding the replacement of affordable housing units affected by the development.

4) Requires an amendment or repeal of a housing sustainability district to be approved by HCD before becoming effective. If HCD does not respond within 60 days, the request shall be deemed approved.

5) Requires the housing sustainability district to do the following:
   a) Provide for an approving authority to review permit applications for development within the housing sustainability district, as specified.
   b) Requires at least 20% of the residential units constructed within the housing sustainability district to be affordable to very low-, low-, and moderate-income households and subject to affordability restrictions for at least 55 years. If a development that is affordable to persons and families whose income exceeds moderate income shall contain no less than 10% of the units for lower-income households, unless the locality has adopted an ordinance that requires a greater percentage, in which case the ordinance shall apply.
   c) If a locality includes its entire regional housing needs allocation within the housing sustainability district, the percentages of the total units constructed shall match the percentages in each income category of the localities regional housing need allocation.
   d) Requires an applicant for a permit to do the following:
      i. Certify that the entirety of the project is a public work or if the project is not entirely a public work, that all construction workers employed in the execution of the project shall be paid at least the general prevailing rate of per diem wages for the type of work and geographic area as determined by the Director of Industrial Relations.
      ii. For projects with a cost exceeding an unspecified amount, certify to the approving authority that a skilled and trained workforce will be used to complete the project.

6) Permits a locality that has proposed an ordinance for a housing sustainability district to apply to HCD for preliminary approval of a housing sustainability district. HCD shall make a preliminary determination as to the eligibility of the housing sustainability district for approval. Following preliminary approval, HCD shall confirm approval within 45 days of receipt of the application.

7) Requires the locality that is proposing a housing sustainability ordinance to submit the following with its application to HCD: a description of the boundaries, developable land, and other residential development opportunities within the locality including infill development and rese of existing buildings within already developable areas; a copy of the localities housing element, housing sustainability district ordinance, environmental impact report (EIR) prepared pursuant to the streamlined environmental review process described in (16) below, and the localities design review standards, if any; and any other materials, as specified.

8) Requires, on or before October 1 of each year following HCD's approval of the localities housing sustainability district, HCD to issue a certificate of compliance if it finds that the locality has satisfied specified requirements.

9) Requires a locality with a housing sustainability district to be entitled to a zoning incentive payment, upon appropriation by the Legislature, in an unspecified payment schedule based upon the projected construction of new residential units. HCD shall issue the first half of the zoning incentive payment to the locality upon preliminary approval of the housing sustainability district ordinance and issuance of the EIR. HCD shall issue the second half of the zoning incentive payment within 10 days of proof of issuance of building permits by the locality for the projected units of residential construction, provided the locality has also received a certificate of compliance.

10) Requires the applicant to file an application or a permit with the appropriate local official and the approving authority. The authority shall conduct a public hearing and issue a written decision within 120 days of receipt of the application. Failure to act within 120 days will result in an approval of the application.

11) Permits an approving authority to deny an application only for the following reasons:
    a) The proposed development does not fully comply with the housing sustainability district ordinance;
    b) The applicant has not submitted all the required information or paid an application fee;
    c) The approving authority determines, based upon substantial evidence in light of the whole record of the public hearing on the project, that a physical condition on the site of the development that was not known and could not have been discovered with reasonable investigation at the time the application was submitted would have a specific adverse impact upon the health or safety and that there is no feasible method to satisfactorily

mitigate or avoid the specific adverse impact. "Specific adverse impact" means a significant, quantifiable, direct, and unavoidable impact based on objective written public health or safety standards, policies or conditions, as in existence at the time the application is deemed complete.

12) Permits a locality to adopt design review standards applicable to development projects within the housing sustainability district, as specified.

13) Requires an approving authority to condition the approval of an application on the applicant's agreement to replace affordable housing units if a proposed development includes any parcels being used for affordable housing. Requires this provision to apply to a parcel of property that meets any of the following criteria:
    a) The parcel includes rental units that are or, if the dwelling units have been vacated or demolished in the last five years, have been subject to recorded covenants, ordinances, or laws that restricts rents to levels affordable to persons and families of lower or very low-income.
    b) The parcel is subject to rent or price control.
    c) The parcel includes a housing development that is currently occupied by low- or very low-income households.

14) Requires HCD to conduct an annual review of the housing sustainability district program. HCD may require participating localities to provide data on housing sustainability districts within their jurisdiction. HCD shall publicly a report no later than November 1, 2018 and each November 1, thereafter.

15) If a locality reduces the density of sites within the district from levels deemed appropriate to accommodate housing for lower-income households as set forth in Housing Element Law, the locality shall return the full amount it has received. Amounts repaid shall be utilized for further incentive payments.

16) A lead agency shall prepare an EIR when designating a housing sustainability district to identify and mitigate, to the extent feasible, environmental impacts resulting from the designation. The EIR shall identify mitigation measures that may be undertaken by housing projects in the housing sustainability district to mitigate the environmental impacts identified in the EIR.

17) Exempts a housing project in a housing sustainability district from conducting an EIR if all the following are met:

a) The lead agency has certified an EIR for the housing sustainability district and HCD has approved the housing sustainability district within 10 years of the lead agency's review of the housing project.
b) The housing project meets the conditions specified in the designation for the housing sustainability district.
c) The housing project is required to implement appropriate mitigation measures identified in the EIR to mitigation environmental impacts identified by the EIR.

COMMENTS:

1) *Purpose of the bill*. According to the author, California is facing a severe housing crisis which, if left unaddressed, will continue to threaten our economic competitiveness, our ability to achieve our climate change goals through proper planning, and the fundamental prosperity and success of our residents. California's poverty rate is 20th in the nation but, when housing is factored in, it jumps to number one. The lack of significant investment in programs to support construction of housing that is affordable has had a considerable impact on the growing inequity in our state. About 1.7 million low-income renter households (almost 14% of all households) in California report spending more than half of their income on housing. California now has an annual affordable housing gap that totals $50 billion to $60 billion.

   The housing shortage currently costs the California economy between $143 billion and $233 billion per year, an effect that will continue to worsen. According to the McKinsey Global Institute, at current construction rates, California will have a projected housing shortfall of 3.5 million homes by 2025.

   This bill spurs the creation of much needed housing on infill sites around public transportation by incentivizing local governments to complete upfront zoning and environmental review and rewarding them when they permit housing.

2) *Housing Sustainability Districts*. This bill provides local governments the option of creating "Housing Sustainability Districts," which operate as overlay districts to streamline the residential development process in areas with existing infrastructure and transit. These districts would be zoned at higher densities, near public transit, and an Environmental Impact Report (EIR) on the district would be completed at the front end. Additionally, 20% of the housing in the district must be zoned at affordable levels. Any development affordable to persons and families whose income exceeds moderate-income shall contain no less than 10% units for lower-income households. Once zoning is complete, the

housing sites within the district would be subject to ministerial approval and subject to prevailing wage.

In exchange for creating Housing Sustainability Districts, localities receive incentive payments to encourage their establishment of these districts, at two stages:

a) First, local governments receive an incentive payment when they create housing sustainability districts. This payment would be issued by the HCD upon preliminary approval of the district ordinance and issuance of the EIR.
b) Once a city permits housing units within a district and demonstrates it has received a certificate of compliance from HCD, it would receive a second incentive payment. This payment would be issued by HCD.

This bill seeks to expedite and streamline local housing development approval processes by exempting project-level environmental review. Additionally, this bill requires the locality to issue a written decision within 120 days of receipt of the application.

3) *Comparison of streamlining measures*. This bill is similar to SB 540 (Roth), which was heard by this committee earlier this year. Both bills seek to streamline local housing approval processes by allowing locals to designate zones or districts for up-front environmental reviews and exempting project level environmental review, as specified. These two bills differ in several ways, however, including but not limited to the following:

Contents	SB 540	AB 73
Financing	Provides up-front funding in the form of a no-interest loan to assist in the planning of the zone.	Provides incentive payments in two stages, as noted in Comment 2.
Size of the Zone/District	No limitations on the size of the district but limits the number of units to 1,500 in the zone.	A district in this bill may not exceed 15% of the total land area in the locality, or 30% in combined districts.
Annual Certification	None.	Requires localities to seek annual approval from HCD for a certificate of compliance with the provision in this bill.
Affordable Housing	Requires 30% of the units in the district be sold or rented to moderate-income earners,	Requires 20% to be affordable to very low-, low-, and moderate-income households. Includes a 10%

	15% to lower-income households, 5% to very low-income households, and no more than 50% affordable to above moderate-income households. Includes a 10% inclusionary requirement for all market rate housing developments.	inclusionary requirement for all market rate housing developments.
Affordable Housing Replacement Requirements	None.	Requires an approving authority to condition approval of an application on the applicant's agreement to replace affordable housing units.
Labor Provisions	None.	Requires housing projects in the district to pay prevailing wages and for projects exceeding an unspecified amount to certify that a skilled and trained workforce will be used.
Application Approval & Appeals Process	Requires the locality approve the housing development within 60 days of the date the application is deemed complete.	Requires the locality to issue a written decision within 120 days of receipt of the application and provides an appeals process.
Duration of the Zone/District	Exempts a housing project from conducting a project level environmental review for five years from the date the locality approves the zone.	Exempts a housing project from conducting a project level review within 10 years of the lead agency's certification of the district EIR and HCD's approval of the district.

4) *Incentive payments.* This bill requires HCD to provide incentive payments to localities that meet the specifications of a Housing Sustainability District. The bill specifies that the incentive payments will be paid for by an appropriation from the Legislature, but it is not clear how much would be needed or where that funding would come from.

5) *Opposition.* A coalition of builders and contractors, writing in opposition, state that labor provisions provided in the bill would "eschew Fair and Open Competition and skew the general requirements that prevailing wage be paid on public works and that the Labor commissioner is empowered to enforce" prevailing wages. The Sierra Club is opposed to project-level CEQA exemptions because it is necessary to protect California's environment and

public health and, in their opinion, CEQA is not an impediment to housing development in the State.

5) *Triple-referral.* This bill was also referred to the Senate Environmental Quality Committee and the Senate Governance and Finance Committee.

RELATED LEGISLATION:

SB 35 (Weiner, 2017) — creates a streamlined, ministerial approval process for infill developments in localities that have failed to meet their regional housing needs assessment numbers. *This bill is pending in the Assembly Housing and Community Development Committee.*

SB 540 (Roth, 2017) — would permit a local government to create Workforce Housing Opportunity Zones. *This bill is pending in the Assembly Natural Resources Committee.*

Assembly Votes:
Floor: 56-20
Appr: 12-5
Nat.R: 7-1
H&CD: 5-0

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

California Apartment Association
California Association of Realtors
Disability Rights California
Leading Age California

OPPOSITION:

American Fire Sprinkler Association – California Chapter
Central Valley Chapter of Associated Builders and Contractors
Independent Roofing Contractors of California
Plumbing-Heating-Cooling Contractors Association of California
San Diego Chapter of Associated Builders and Contractors

Sierra Club California
Southern California Chapter of Associated Builders and Contractors
Western Electrical Contractors Association

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 74	**Hearing Date:**	6/27/2017
Author:	Chiu		
Version:	12/16/2016		
Urgency:	Yes	**Fiscal:**	Yes
Consultant:	Alison Hughes		

SUBJECT: Housing for a Healthy California Program.

DIGEST: This bill requires the Department of Housing and Community Development to establish the Housing for a Healthy California Program, which would fund competitive grants to pay for interim and long-term rental assistance for homeless Medi-Cal beneficiaries who meet specified criteria, including who are eligible for Supplemental Security Income. This bill also establishes criteria for an applicant to be eligible for a grant, including having identified a source of funding for housing transition services and tenancy sustaining services and agreeing to contribute funding for interim and long-term rental assistance.

ANALYSIS:

Existing law:

1) Establishes various housing programs directed by the Department of Housing and Community Development (HCD), including special housing programs to provide housing assistance for persons with developmental and physical disabilities and persons with mental health disorders.

2) Establishes the Medi-Cal program, which is administered by the Department of Health Care Services (DHCS), under which qualified low-income individuals receive health care services. Authorizes DHCS, subject to federal approval, to create a Medi-Cal Health Home Program for enrollees with chronic conditions, as prescribed, as authorized under federal Medicaid law.

This bill:

1) Requires HCD to establish the Housing for a Healthy California Program on or before October 1, 2017, which would fund competitive grants to pay for interim and long-term rental assistance. Requires the Housing for a Healthy California Program to be funded, subject to a legislative appropriation, and

makes the funding of grants subject to annual legislative appropriations.

2) Requires HCD, on or before April 1, 2018, and every year thereafter, subject to legislative appropriation, to award grants on a competitive basis to eligible grant applicants. Requires, if appropriations are made available in future years, counties to compete for each round of five-year grants.

3) Establishes criteria for an applicant to be eligible for Housing for a Healthy California Program grant, including requiring an applicant to identify a source of funding for Housing Transition Services and Tenancy Sustaining Services, as defined in the Centers for Medicare and Medicaid Services' Informational Bulletin regarding Housing-Related Activities and Services for People with Disabilities. Permits funding for these services to include, but not be limited to, one or more of the following: County general funds, Whole Person Care pilot program funds, the Health Home Program; or, other county-controlled funding to provide these services to eligible participants.

4) Requires an applicant, in order to be eligible for a Housing for a Healthy California Program grant, to agree to contribute funding for interim and long-term rental assistance through an identified source.

5) Requires an applicant to use grants awarded under this bill for one or more of the following, which may be administered through a housing pool:
   a) Long-term rental assistance for periods up to five years;
   b) A capitalized operating reserve for up to 15 years to pay for operating costs of an apartment or apartments within a development receiving public funding to provide supportive housing to people experiencing homelessness;
   c) Interim housing; and,
   d) A county's administrative costs for up to 3% of the total grant awarded.

6) Defines eligibility to receive assistance under a grant awarded under the Housing for a Healthy California Program as a county resident who meets all of the following requirements:
   a) Is homeless upon initial eligibility;
   b) Is a Medi-Cal beneficiary;
   c) Is eligible for Supplemental Security Income;
   d) Is eligible to receive services under either the WPC pilot or the Health Home Program, or a locally controlled services program funding or providing services in supportive housing; and
   e) Is likely to improve his or her health conditions with supportive housing.

7) Requires HCD to coordinate with DHCS to match Program participant data to Medi-Cal data to identify outcomes among participants as well as changes in health care costs associated with housing and services provided under the Housing for a Healthy California Program to the extent that information is available, up to 12 months prior to each participant's move into permanent housing, as well as changes in costs after each participant's move in to permanent housing.

8) Requires an applicant awarded grant funds to report specified data to HCD and DHCS at annual and midyear intervals. Requires HCD to report data collected to specified legislative budget and policy committees, by October 1, 2019, for grants awarded in 2018, and in subsequent years thereafter in which the Housing for a Healthy California Program is allocated additional funds.

9) Requires HCD, on or before October 1, 2017, to draft guidelines for stakeholder comment to fund competitive grants to pay for interim and long-term rental assistance under the Housing for a Healthy California Program. Requires the guidelines to detail competitive scoring criteria that includes, but is not limited to, scoring that awards points based upon specified criteria.

10) Requires HCD to contract with an independent evaluator, or work with an evaluator contracted with DHCS, to analyze data to determine changes in health care costs associated with services provided under the Housing for a Healthy California Program by no later than April 1, 2018. Requires HCD to provide data collected to the evaluator on a regular basis as needed.

11) Appropriates an unspecified amount from the General Fund to HCD to carry out the purposes of the program

COMMENTS:

1) *Purpose.* According to the author, "California is home to 20% of the country's homeless population. Homelessness often creates an institutional circuit, where those experiencing it long enough cycle through living on the streets, emergency department visit, inpatient admissions, incarceration, and often nursing home stays. In addition to the moral cost to society, this circuit is expensive to our public systems: homeless individuals cost our public systems an average of $2,897 per month, two-thirds incurred through the health system. This bill attempts to coordinate delivery of services between the health and housing systems to further our goal of eliminating homelessness. Through the Whole Person Care pilot program and Health Homes, a program DHCS is implementing to fund services for high-cost homeless beneficiaries, the state

has identified funding for services. The Housing for a Healthy California program will complete the goals of those programs by providing rental assistance."

1) *Homelessness.* Half of all homeless people have a history of incarceration. If homeless when discharged from prison or jail, parolees and probationers are seven times more likely to recidivate than people who are housed. Homeless Californians incur disproportionate Medi-Cal costs and achieve poor health outcomes. Many experience a combination of chronic medical, mental health, and substance abuse conditions, as well as social determinants that negatively impact their ability to access care. Homeless individuals that frequently use medical services continue to increase their inpatient costs despite high Medi-Cal costs because they cannot obtain sufficient rest, follow a healthy diet, store medications, or regularly attend appointments so long as they are unhoused. Two-thirds of these frequent users have both medical and behavioral health conditions, are homeless, and die 30 years younger than average.

2) *Background on Whole Person Care pilot.* In March 2015, DHCS proposed using Medi-Cal to fund supportive housing, acknowledging decades of research demonstrating that this form of housing decreases Medicaid costs among homeless beneficiaries. The Federal Centers for Medicare and Medicaid Services (CMS) approved the use of federal Medicaid dollars to fund services in supportive housing, referred to as the 1115 Medicaid Waiver. While CMS rejected using federal Medicaid dollars to pay for housing, CMS stated that California could use its own dollars (through Medi-Cal or otherwise) to fund housing subsidies. A number of jurisdictions, including the State of New York and the County of Los Angeles, already pay for housing costs through health systems.

   The final 1115 Medicaid Waiver in California includes the Whole Person Care pilot program, which allows counties to tap into federal funds to pay for management supports, services helping people find housing, and services promoting housing stability. DHCS is also working to implement a new Health Home Program that would fund services for high-cost homeless beneficiaries, which will allow counties to sustain Whole Person Care services beyond the 5 years of the 1115 Medicaid waiver.

3) *Housing for a Healthy California Program.* This bill would complete the Whole Person Care piece of the 1115 pilots and the Health Home Program by creating a program that funds rental subsidies tied to services dollars included in the 1115 Waiver and the Health Home Program. The program would be

funded by an initial appropriation from the Legislature, but it is not clear how much or where that funding would come from.

RELATED LEGISLATION:

AB 2821 (Chiu, 2016) — Would have required HCD to establish the Housing for a Healthy California Program, which would fund competitive grants to pay for interim and long-term rental assistance for homeless Medi-Cal beneficiaries who meet specified criteria, including who are eligible for Supplemental Security Income. Establishes criteria for an applicant to be eligible for a grant, including having identified a source of funding for housing transition services and tenancy sustaining services and which agrees to contribute funding for interim and long-term rental assistance. *This bill was vetoed by the Governor.* The veto message stated:

"While the goal of this bill is laudable and the policy could lead to savings in the health care system, codifying a program without an identified funding source raises false expectations. This grant program, like any new expenditure, is best left to budget discussions."

Assembly Votes:
Floor: 61-16
Appr: 12-5
Health: 13-1
H&CD: 6-1

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

Corporation for Supportive Housing (co-sponsor)
Housing California (co-sponsor)
Alameda County Board of Supervisors
Alliance of Catholic Health Care
California Access Coalition
California Catholic Conference, Inc.
California Chapter of the American College of Emergency Physicians
Leading Age
Los Angeles County Board of Supervisors

National Association of Social Workers
Santa Clara County Board of Supervisors
Western Center on Law and Poverty

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 188	**Hearing Date:**	6/27/2017
Author:	Salas		
Version:	5/26/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Erin Riches		

SUBJECT: Vehicle retirement and replacement.

DIGEST: This bill expands eligibility for light-duty pickup trucks as replacement vehicles under the Enhanced Fleet Modernization Program (EFMP).

ANALYSIS:

Existing law:

1) Establishes the smog check program, administered by the Bureau of Automotive Repair (BAR). This program generally requires vehicles to undergo emissions testing every two years, with some exceptions including gas-powered vehicles manufactured prior to 1976, alternatively fueled vehicles, and vehicles six years old or newer.

2) Establishes the Consumer Assistance Program (CAP), also administered by BAR. CAP provides assistance to low-income owners of vehicles that have failed a smog test, in the form of a repair cost waiver, repair cost assistance, or a monetary incentive of up to $1,500 to retire the vehicle.

3) Establishes EFMP, administered by the state Air Resources Board (ARB) and BAR. EFMP provides for the voluntary "retirement" (scrappage) of high-polluting passenger vehicles and light- and medium-duty trucks. The vehicle must be currently registered as operable and must have been continuously registered for two years prior to the application; unless the owner can demonstrate that the vehicle has been operated in California during that period. EFMP is funded by an additional $1 surcharge on the vehicle registration fee. EFMP has a statewide component and a local component.

   Under the statewide component of EFMP, ARB administers a program, authorized in the San Joaquin Valley and South Coast air districts, to replace high-polluting vehicles. In addition to the "retirement" vouchers described

above, the local EFMP program offers a $2,500 "replacement" voucher to low-income vehicle owners to replace a high-polluting vehicle by either purchasing a vehicle eight years old or newer, or using the voucher toward public transit.

In addition, ARB administers the EFMP Plus-Up Program (Plus-Up) in the San Joaquin and South Coast air districts. Plus-Up provides additional incentives above and beyond EFMP base incentives for individuals in disadvantaged communities who retire high-polluting vehicles and replace them with used or new hybrid, plug-in hybrid, or zero emission vehicles. Eligible participants can receive additional incentives ranging from $1,500 to $5,000, depending on the vehicle type that is purchased. EFMP, Plus-Up, and Clean Vehicle Rebate Program rebates can be "stacked" for a total of up to $12,000.

This bill requires ARB, no later than July 1, 2019, to update the EFMP guidelines to make the miles per gallon standard for minivans also applicable to light-duty pickup trucks.

COMMENTS:

1) *Purpose*. The author states that there is an increasing demand to replace older, high-polluting light-duty pickup trucks with more fuel-efficient ones. However, the current fuel efficiency requirements of EFMP make even the most fuel-efficient light-duty truck models ineligible for replacement. This bill makes more light-duty trucks eligible as replacement vehicles under EFMP in order to put more clean vehicles on our roads and reduce air pollution.

2) *Encouraging replacement of pickup trucks.* Under EFMP, a vehicle weighing up to 10,000 pounds, including a passenger vehicle, truck, sport utility vehicle, or van, is eligible for "retirement" (provided other program requirements are met). A "replacement" vehicle must meet or exceed a 35 mpg fuel economy rating; be a plug-in hybrid or zero-emission vehicle; or be at least eight years old with a fuel economy rating as follows:

   a) 2006-09: 19 mpg (minivans) or 20 mpg (all other vehicles);
   b) 2010: 19 mpg (minivans) or 22 mpg (all other vehicles);
   c) 2011: 21 mpg (minivans) or 25 mpg (all other vehicles);
   d) 2012: 21 mpg (minivans) or 28 mpg (all other vehicles);
   e) 2013: 21 mpg (minivans) or 29 mpg (all other vehicles);
   f) 2014: 21 mpg (minivans) or 30 mpg (all other vehicles);
   g) 2015: 21 mpg (minivans) or 31 mpg (all other vehicles).

This bill would expand the minivan fuel standard to light-duty pickup trucks, making more pickup trucks eligible as replacement vehicles under EFMP. For example, under this bill, a participant could replace a high-polluting pickup truck with a 2010 pickup truck with a 19 mpg rating, rather than having to meet a 22 mpg standard. (The minivan fuel economy standard is lower in recognition of the fact that minivans tend to carry more passengers at a time.) Including pickup trucks in the minivan fuel economy standard will likely encourage more owners of older, high-polluting pickup trucks to participate in the program because they will be able to replace their old pickup truck with a newer one, rather than having to switch to a passenger vehicle. By the same token, it could encourage an owner of a high-polluting passenger vehicle to trade in their car for a pickup truck. However, the air quality benefits to be gained by removing more older, high-polluting pickup trucks from the road will likely outweigh any concessions made to allow newer, less fuel efficient trucks to replace them.

3) *Double referral.* This bill has also been referred to the Environmental Quality Committee.

RELATED LEGISLATION:

AB 630 (Cooper, 2017) — would establish EFMP Plus-Up in statute and add provisions to improve the performance of EFMP. *This bill will be heard in the Environmental Quality Committee on July 5th and has also been referred to this committee.*

Assembly Votes:

Floor:	**77-0**
Approps:	**16-0**
Trans:	**14-0**

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

City of Arvin
City of Avenal
City of Lemoore

City of McFarland
City of Wasco
Dolores Huerta Foundation
Greater Lamont Chamber of Commerce

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 193	**Hearing Date:**	6/27/2017
Author:	Cervantes		
Version:	6/19/2017 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Erin Riches		

SUBJECT: Air Quality Improvement Program: Clean Reused Vehicle Rebate Project.

DIGEST: This bill requires the state Air Resources Board (ARB) to establish a Clean Reused Vehicle Rebate Project (CRVRP).

ANALYSIS:

Air Quality Improvement Program (AQIP)

Existing law establishes AQIP, which is administered by the state Air Resources Board (ARB) in consultation with local air districts. AQIP is funded through, among other things, a surcharge on vehicle registration fees and a portion of the smog abatement fee (paid to register vehicles less than six model years old and therefore exempt from smog check). AQIP also receives a significant amount of Greenhouse Gas Reduction Fund (GGRF) monies. AQIP, which encompasses multiple programs, provides competitive grants to fund projects to improve the air quality impacts of alternative fuels and vehicles, vessels, and equipment technologies.

Clean Vehicle Rebate Project (CVRP)

CVRP, which is part of AQIP, is administered by ARB's contractor, the California Center for Sustainable Energy. CVRP provides rebates to incentivize the purchase or lease of clean vehicles, as follows:

a) Zero emission vehicle: hydrogen fuel cell $5,000
b) Zero emission vehicle: battery electric $2,500
c) Plug-in hybrid electric vehicle $1,500
d) Zero emission motorcycle $900

An individual can apply for a rebate within 18 months of purchasing or leasing an eligible vehicle. The individual must retain ownership of the vehicle in California for at least 30 consecutive months after the purchase or lease date, or reimburse ARB at least partially for the rebate and must agree to not tamper with the vehicle's emissions control system.

For vehicles purchased after November 1, 2016, income limits apply (with the exception of fuel cell vehicles). An applicant's household income must not exceed $150,000 for single filers, $204,000 for head of household filers, or $300,000 for joint filers. In addition, individuals with household incomes of less than 300% of the federal poverty level are eligible for an additional rebate of $2,000.

There is no cap on the number of rebates that may be issued, but rebates are subject to funding availability and the program has more than once been forced to stop issuing rebates and create a wait list due to lack of funds. The program is currently accepting applications. As of June 1, 2017, CVRP had issued 193,186 rebates ($420 million). The lion's shares (about 80%) have been issued in two air districts: Bay Area and South Coast. Only about 3% of rebates have been issued in the San Joaquin air district.

Enhanced Fleet Modernization Program (EFMP)

Existing law also establishes EFMP under ARB. EFMP provides for the voluntary "retirement" (scrappage) of high-polluting passenger vehicles and light- and medium-duty trucks. The vehicle must be currently registered as operable and must have been continuously registered for two years prior to the application, unless the owner can demonstrate that the vehicle has been operated in California during that period. EFMP is funded by an additional $1 surcharge on the vehicle registration fee. EFMP has a statewide component and a local component.

Under the statewide component, ARB administers a program, authorized in the San Joaquin Valley and South Coast air districts, to replace high-polluting vehicles. In addition to the "retirement" vouchers described above, the local EFMP program offers a $2,500 "replacement" voucher to low-income vehicle owners to replace a high-polluting vehicle by either purchasing a vehicle eight years old or newer, or using the voucher toward public transit.

In addition, ARB administers the EFMP Plus-Up Program (Plus-Up) in the San Joaquin and South Coast air districts. Plus-Up provides additional incentives above and beyond EFMP base incentives for individuals in disadvantaged communities who retire high-polluting vehicles and replace them with used or new hybrid, plug-in hybrid, or zero emission vehicles. Eligible participants can receive

additional incentives ranging from $1,500 to $5,000, depending on the vehicle type that is purchased. The EFMP, Plus-Up, and CVRP rebates can be "stacked" for a total of up to $12,000.

Charge Ahead Initiative

In March 2012, Governor Brown issued an Executive Order setting a goal of 1.5 million zero emission vehicles on California roads by 2025. SB 1275 (De Leon, Chapter 530, Statutes of 2014) builds on this goal by establishing the Charge Ahead Initiative at ARB, which outlines a vision of placing one million electric cars, trucks, and buses on California's roads by 2023. SB 1275 directs ARB to provide incentives to increase the availability of ZEVs and near-ZEVs for disadvantaged, low-income, and moderate-income communities and consumers. It also directs ARB to establish income limits for CVRP eligibility (as noted above).

This bill:

1) Requires ARB to establish, no later than July 1, 2019, the CRVRP under AQIP, to provide an applicant with any of the following:

    a) A rebate of up to $1,800 for the acquisition of an eligible used vehicle from a licensed dealer.
    b) A rebate for the replacement or refurbishment of an electric vehicle battery and related components for an eligible used vehicle, a vehicle service contract for the battery and related components, or both.
    c) A rebate for a vehicle service contract to cover unexpected vehicle repairs not covered by the manufacturer's warranty related to unique problems in eligible used vehicles.

2) Prohibits the CRVRP from issuing more than rebate per vehicle.

3) Requires the CRVRP to prioritize an applicant who:
    a) Has an annual household income that is less than 60% of either the relevant countywide or citywide annual median household income; or
    b) Resides in a district that has been designated by ARB as not meeting any one state ambient air quality standard.

4) Requires ARB to coordinate the CRVRP with the CVRP and the Charge Ahead California Initiative, including but not limited to the following:
    a) Coordinating CRVRP eligibility with EFMP eligibility.

b) Ensuring appropriate outreach and targeting to low- and moderate-income households in an effort to encourage participation.
c) Expanding financing mechanisms, including but not limited to a loan or loan-loss reserve credit enhancement program and prequalification or point-of-sale rebates or other methods to increase participation rates among low- and moderate-income consumers.

5) Requires ARB to collaborate with other state departments and agencies to enforce safeguards against fraudulent activity by sellers and acquirers of eligible used vehicles that are in accordance with other state laws.

COMMENTS:

1) *Purpose*. The author states that the continued use of clean cars by California consumers is a positive development for both our economy and our environment. However, clean cars are realistically available to only the wealthy. The high price of many clean car models often makes them too expensive for many middle class or lower-income Californians to buy new, especially in our state's disadvantaged communities. This bill will create a rebate program for used clean cars to make them more affordable and accessible to more Californians. This will not only save more consumers money at the gas pump, but will also reduce air pollution and spur technological development in clean energy technology.

2) *Program targeting.* This bill requires the CRVRP to prioritize an applicant who has an annual household income of less than 60% of the county or city median. Most federal and state housing programs define "very low income" as 31-50% of area median income (AMI) and "low income" as 51-80% of AMI. Thus, this provision generally targets the program toward low income individuals.

   This bill also requires the CRVRP to prioritize an applicant who lives in an air district that has been designated by ARB as not attaining any one state ambient air quality standard. The federal Clean Air Act requires all air districts in the nation to meet certain air quality standards; those that fail to meet the standards are deemed "non-attainment" areas. According to ARB's *Mobile Source Strategy* (May 2016), both the South Coast and San Joaquin air basins are classified as non-attainment. Thus, this provision helps focus the program on the South Coast and San Joaquin districts.

3) Where will the money come from? While this bill places the CRVRP under AQIP, it does not specify a funding source or provide new funding. Currently,

CVRP is highly subscribed and has more than once run out of funds midyear and been forced to establish a waiting list. The California Electric Transportation Coalition, which has taken a "support if amended" position on this bill, expresses support for expanding access to the cleanest vehicles but seeks amendments to ensure that these efforts do not impinge on already limited Greenhouse Gas Reduction Fund monies. **The author will accept an amendment to condition this bill upon legislative appropriation.**

4) *How many times should the state subsidize the same vehicle?* Although this bill provides that CRVRP may only provide one voucher per vehicle, it does not address whether a vehicle may also receive a CVRP voucher. The intent of CVRP is to help put more clean vehicles on the road; while providing an additional voucher to a vehicle under CRVRP would help low- and moderate-income buyers and leasers obtain a used clean vehicle, it would not actually put any additional clean vehicles on the road. **The author will accept an amendment to exclude vehicles from CRVRP eligibility that have already received a CVRP voucher.**

5) *Duplicative of other efforts?* Pursuant to legislative directives, ARB is currently in the process of implementing numerous programs aimed at helping to get low- and middle-income consumers into the clean car market. The author states that clean vehicles tend to be prohibitively expensive for lower income individuals. However, the Legislature has established income caps on CVRP, as well as on a pilot program mandated in the Charge Ahead Initiative to offer financing assistance t qualifying low-income buyers using CVRP to purchase or lease a new ZEV or near-SEV. In addition, EFMP, EFMP Plus-Up, and the Consumer Assistance Program all offer assistance to low-income owners to retire their high-polluting cars, and in many cases incentives from multiple programs can be combined to provide a total of up to $12,000 for a low-income consumer wishing to retire a high-polluting vehicle and obtain a cleaner one. The committee may wish to consider whether it is necessary to add another program to the mix.

6) *Double-referred*. This bill has also been referred to the Environmental Quality Committee.

RELATED LEGISLATION:

AB 615 (Cooper, 2017) — deletes the July 1, 2017 sunset on the income restriction provisions of CVRP. *This bill will be heard in the Environmental Quality Committee on July 5th and has also been referred to this committee.*

AB 964 (Gomez, 2017) — creates the California Affordable Clean Vehicle Program to assist low-income individuals to purchase or lease zero-emission vehicles or plug-in hybrid electric vehicles. *This bill will be heard in the Environmental Quality Committee on July 5th and has also been referred to this committee.*

AB 1184 (Ting, 2017) — requires the California Public Utilities Commission to establish a California Electric Vehicle Initiative to incentivize the purchase of electric vehicles in the state. *This bill will be heard in the Energy, Utilities and Commerce Committee on July 3rd.*

AB 904 (Perea, 2015) — would have established a Clean Reused Vehicle Rebate Project under AQIP. *This bill was held on the suspense file in the Senate Appropriations Committee.*

Assembly Votes:

Floor:	**56-20**
Approps:	**12-5**
Trans:	**10-3**

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

California New Car Dealers Association
Coalition for Clean Air
Communities for a Better Environment
Environment California
Greenlining Institute
Natural Resources Defense Council
South Coast Air Quality Management District

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 317	**Hearing Date:**	6/27/2017
Author:	Aguiar-Curry		
Version:	2/6/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alison Hughes		

SUBJECT: Napa County; farmworker housing.

DIGEST: This bill establishes the Napa County Farmworker Centers Account (NCFCA) within the Department of Housing and Community Development (HCD).

ANALYSIS:

Existing law:

1) Authorizes Napa County to form a county service area to fund the construction and maintenance of farmworker housing centers.

2) Levies $10 annually per planted vineyard acre on the agricultural industry to support the three Napa farmworker centers.

3) Assists agricultural communities with the development, construction, reconstruction, rehabilitation, and operation of migrant farm labor centers through HCD's Office of Migrant Services (OMS).

4) Administers the Joe Serna, Jr., Farmworker Housing Grant Program (Serna Program) through HCD. This program provides funding for new construction, rehabilitation, and acquisition of housing for farmworkers.

This bill:

1) Establishes the NCFCA in the HCD OMS program, to assist in the financing, maintenance, and operation of Napa County Housing Authority's (NCHA) Farmworker Centers for year-round use by migrant or non-migrant farm labor employees. The NCHA shall continue to own and operate the farmworker centers pursuant to local ordinances, regulations, or bylaws.

2) Requires HCD annually to award up to $250,000 in matching funds to the NCHA, upon demonstration that the NCHA is capable of continuing to effectively serve the housing needs of migrant or other farmworkers in Napa County.

3) Requires the NCHA, to be eligible for funding, to provide equal or greater funds from local sources to support financing, maintenance, and operation of the housing assisted under this bill. The NHCA must also demonstrate its capability of ensuring the fiscal integrity of the farmworker centers and maintaining the project in a decent, safe, and sanitary manner for at least 25 years.

4) Requires HCD to use funds appropriated by the Legislature and does not require HCD to promulgate regulations.

COMMENTS:

1) *Purpose.* According to the author, this bill ensures that Napa can continue to provide safe, reliable, and affordable housing for our state's agricultural workers. Napa County's large agricultural economy creates a high demand for farmworkers, as well as a greater need for housing to support migrant workers. Unlike centers in the rest of the state, Napa's farmworker housing centers operate year-round and rely entirely on local support. Rising costs, coupled with inflation, have resulted in the region's centers operating at a deficit. Without state support, Napa may have to shut down these centers, eliminating critical housing infrastructure for the region. While the agricultural industry has committed to increase its annual contributions to the housing centers, and the nightly rent per lodger in the centers will increase, these measures will help with the deficit problem, but not solve it. This bill helps establish a long-term funding solution for Napa's farmworker housing centers by requiring the state to help fund the centers like we do already for farmworker centers in the rest of the state.

2) *HCD's Farmworker Housing Programs.* HCD assists agricultural communities in California with the development, construction, reconstruction, rehabilitation, and operation of migrant farm labor centers. Through OMS, HCD provides rental housing during the peak harvesting season. The Serna Program is also administered by HCD. This program provides funding for new construction, rehabilitation, and acquisition of housing for agricultural workers. Ongoing maintenance and operations are not eligible for this money.

3) *Napa's efforts*. According to the sponsors, the Napa County Board of Supervisors, Napa County farmworker housing centers are unique in that they are supported entirely by funding at the local level from the county, farmworkers, and industry. The original construction of the Napa County centers was supported by the Serna Program, however all expenses for current operations are paid for through the partnership of: (1) Approximately $210,000 annually from the Napa County Housing Authority; (2) Funding from the county service area tax per acre; and, (3) the farmworkers' daily rent. Napa County's farmworker centers are different from the other farmworker centers in California. State-owned centers are family-style units only open 180 days each year during the growing season. These are all located in the Central Valley and managed by HCD's Office of Migrant Services (OMS). In comparison, Napa County's centers are dorm-style operations that cater to single male residents for year-round, as the agricultural workforce is needed year-round in the Napa region. Each of the Napa farmworker centers houses 60 migrant and non-migrant workers in dorm-style accommodations of two renters per room. For $13 per night, the lodgers receive three meals per day – two hot meals and a cold lunch to-go. There are hot showers, laundry facilities, a library, and internet access on site. The center also provides opportunities to participate in community gardens, health screenings, and literacy programs.

   Napa County points to a farmworker housing needs assessment that was conducted by BAE Urban Economics on their behalf in 2012, which found that a large segment of the county's permanent and seasonal farmworkers face shortages of affordable housing, with needs ranging from permanent housing for families to shared housing for single migrant workers. The farmworkers who do choose to live in market-rate housing in Napa may experience extreme cost burdens. Given the shortage of market-rate rental units that are affordable to households earning farmworker incomes, demand for subsidized rental housing also far exceeds supply and overcrowding results. In order for most market rate residences to be affordable on a farmworker's income, it would be necessary for two or more families to share a house or apartment intended for single-family occupancy. A consequence of families sharing a unit is that overcrowding becomes a financial necessity.

3) *San Diego Farmworker Housing Program.* Legislation in 1990 (Filante, AB 3263, (Chapter 1509) permitted HCD to fund the San Diego County Farmworker Housing Account to fund up to 500 family housing units year-round. Another bill passed in 1992 (Frazee, AB 2770, Chapter 604) created the San Diego County Farmworker Housing Discretionary Account, which provided that HCD should use funds to provide loans and grants for innovative farmworker housing for migrant or non-migrant farmworkers in San Diego

County. This bill required that the funds be repaid if the sponsors failed to maintain the use of the housing for farmworkers or maintain habitability of the housing. The Legislature has not provided funding to these accounts and no awards were made.

4) *New program, new infrastructure*. While the NCFCA is established within the existing OMS program, this bill would create a new program. HCD will need to create a new infrastructure for the allocation of funding as well as the ongoing monitoring of the farmworker centers, as required under this bill.

5) *Companion measure.* SB 240 (Dodd, 2017) is a companion measure that would increase the county service area assessment on productive vineyard acres from $10 to $15 per vineyard acre, and the nightly rent per lodger is also being increased over the next three years. However, according to the author, these steps will help alleviate, but not solve, the problem. Receiving funding from HCD in combination with local county matching dollars from will allow the Napa farmworkers centers to address capital and operating needs, and provide a long-term solution to support the state's farmworkers.

6) *Budget allocation*. In the 2017-18 state budget (AB 97, Ting), the legislature approved a one-time $250,000 general fund appropriation to the Napa County Housing Authority for the support of migrant worker housing.

RELATED LEGISLATION:

SB 240 (Dodd, 2017) —would increase the county service area assessment on productive vineyard acres from $10 to $15 per vineyard acre. *This bill is pending in the Assembly Local Government Committee.*

AB 1550 (Wiggins, Chapter 340, Statutes of 2001) — Authorized the County of Napa to establish county service areas for the sole purpose of acquiring, constructing, leasing, or maintaining farmworker housing.

Assembly Votes:
Floor: 65-11
Appr: 15-1
H&CD: 7-0

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

Napa County Board of Supervisors (sponsors)
California Association of Winegrape Growers
Cinco de Mayo Golf, Inc.
Napa Valley Farmworker Committee
Napa Valley Grapegrowers
Napa Valley Vintners
Winegrowers of Napa County

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 344	**Hearing Date:**	6/27/2017
Author:	Melendez		
Version:	2/7/2017		
Urgency:	No	**Fiscal:**	No
Consultant:	Manny Leon		

SUBJECT: Toll evasion violations.

DIGEST: This bill defers the payment requirements for a person contesting a notice of toll evasion violation through an administrative review hearing.

ANALYSIS:

Existing law:

1) Provides that evasion of tolls is a civil offense, rather than a criminal offense.

2) Generally requires a notice of toll evasion violation to be issued within 21 days of the violation, and prescribes specific information that must be included in the notice.

3) Provides that the notice of toll evasion is required to include the following information:

   a) The vehicle license plate number.

   b) The registration expiration date and the make of the vehicle, if practicable.

   c) A clear and concise explanation of the procedures for contesting the violation and appealing an adverse decision, as specified.

4) Provides that a person may contest a notice of toll evasion and requires a toll agency to investigate a contesting request with its own records and staff, as specified. Further provides that if a toll agency determines that a violation did not occur or that the registered owner is not responsible for the violation, the toll agency is required to cancel the toll evasion violation and notify the person who contested the toll evasion notice, as specified.

5) Provides that if a person is not satisfied with the results related to the abovementioned appeal process, a person may request an administrative review for contested toll evasion citation(s), and further requires that a person

contesting a violation(s) must deposit the toll evasion penalty amount at the time the appeal is requested, as specified.

6) Directs the Department of Motor Vehicles (DMV) to refuse to renew a vehicle registration with outstanding toll evasion citations.

This bill removes the requirement that a person contesting a notice of toll evasion violation must pay the associated penalty at the time an appeal is sought. Instead, the bill requires that the penalty be paid, following the result of an investigation, administrative review, or court ruling, whichever is later, if found guilty.

COMMENTS:

1) *Purpose.* According to the author, "With the current toll violation system in place, it is assumed the person charged with the crime is guilty without any factual evidence considered. Californians have the right to be innocent until proven guilty. In other words, Californians should not have to pay a fine without certain conviction for that crime. Appealing toll violations also hurts the state's most vulnerable populations the hardest: low-income families. This bill will allow individuals contesting a toll violation to postpone paying their fine until they are proven guilty, upholding their Constitutional right to due process."

2) *Existing process.* Under the existing statutory framework, a person that receives a notice of toll evasion violation has the ability to contest the notice by requesting the toll agency to investigate the notice at no cost. Upon receiving the request, toll agencies will typically investigate the accuracy of the contested violation by reviewing the transaction date and time, license plate number, vehicle registration, and whether the vehicle has an account with the toll agency. If it is determined that a violation did not occur, a toll agency will cancel the notice and associated penalties and will also mail the results of the investigation to the person who contested the notice. If it is determined that a violation did occur, the person contesting the notice is responsible for paying the tolls and any associated fines.

   If a person remains unsatisfied with the results from the toll agency's first investigation, a person may contest the results through a second process that includes an administrative review by an independent party. At this point the person contesting the notice is required to pay the amount of the toll plus any associated fines and is required to receive an administrative hearing within 90 days of the request. Similar to the first investigation, an administrative reviewer may return the toll amount and associated fines if it is determined that a person was not guilty of toll evasion.

3) *Additional measures.* While the abovementioned process is administered by all toll agencies across the state for anyone that elects to dispute a toll evasion notice, toll agencies provide additional options for motorist that receive toll evasion violations yet may be experiencing financial hardships or have difficulty paying tolls. For example, the Los Angeles County Metropolitan Authority (METRO) offers to waive penalties if a person received a notice(s) due to not having a subscription to a FasTrak account if that person chooses to sign up for an account. Additionally, METRO will automatically exempt a motorist's first toll evasion violation if it's determined that the vehicle has no known record of a prior violation. The Orange County Transportation Authority (OCTA) has policies in place to allow for the penalty deposit to be decreased or waived in cases of economic hardship when requesting an administrative review. Lastly, the Transportation Corridor Agencies offer motorists the opportunity to pay tolls without an account within five days of receiving a notification without any penalty and offer a seven day grace period for motorists that receive a toll evasion notice to pay only the toll without any penalties.

4) *Incentive for bad actors?* Supporters of this bill note that a person must pay the toll amount and fine prior to receiving an administrative review of the toll violation, placing financial hardship on low income individuals. However, this bill will allow for any motorist that receives a toll violation notice to request an administrative review without having to submit the toll amount and associated fines, regardless of their ability to pay. While low income motorists would be afforded the opportunity to request a second review without having to submit a payment, so would all other motorists receiving a toll evasion violation notice. As a result, this bill may incentivize repeat toll violators to continue illegally using toll roads by allowing payment to be delayed/postponed for an extended period of time while all opportunities to challenge the toll evasion notice are exhausted. Furthermore, as mentioned, toll agencies currently have policies in place to allow an individual to demonstrate financial hardship when contesting a notice or providing a period of time to allow an individual to pay a toll amount without any fines. Thus, it is unclear who may benefit with the option to delay payment on a second review beyond motorist that habitually evade tolls.

5) *Costly process.* Upon the request for an administrative review, toll agencies are required to schedule the hearing/review within 90 days. While toll agencies are required to schedule the hearing/review, the person contesting the notice is not responsible for the cost associated with setting up the hearing if they do not appear at the scheduled time or submitting any necessary documentation in a

timely manner. Consequently, this would leave toll agencies responsible for covering the cost of the hearing which ranges from $250 to $300 per hearing regardless if the individual requesting the hearing appears and/or participates. As requiring a payment upon request of a second appeal provides an incentive for an individual to attend/participate in an administrative hearing, deferring a payment may result in toll agencies experiencing a notable increase in administrative hearings and reviews, in turn potentially resulting in significant cost increases to toll agencies and ultimately to lawful motorists using toll roads.

Assembly votes:

Floor: 80-0
Trans: 14-0

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

American Civil Liberties Union
Courage Campaign
Law Enforcement Action Partnership
Riverside Temple Beth El
National Center for Lesbian Rights
San Francisco Public Defender
Teamsters
Western Center on Law and Poverty

OPPOSITION:

Alameda County Transportation Commission
Bay Area Toll Authority
Los Angeles County Metropolitan Transportation Authority
Orange County Business Council
Orange County Transportation Authority
San Bernardino County Transportation Authority
South Orange County Economic Coalition
Transportation Corridor Agencies

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 515	**Hearing Date:**	6/27/17
Author:	Frazier		
Version:	6/20/2017 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Manny Leon		

SUBJECT: State Highway System Management Plan.

DIGEST: This bill requires the State Department of Transportation (Caltrans) to develop a State Highway System Management Plan, as specified.

ANALYSIS:

Existing law:

1) Requires Caltrans to prepare a number of documents, all for the purpose of guiding transportation capital improvement investments for projects that will preserve and protect the state highway system in a cost-effective manner. These plans include:

   a) A ten-year SHOPP plan that identifies all rehabilitation and reconstruction needs for a ten-year period.

   b) A five-year maintenance plan that identifies maintenance activities that, if the activities were not performed, could result in increased SHOPP costs.

   c) A robust asset management plan to guide selection of projects for the SHOPP. The asset management plan is to assess the health and condition of the state highway system so that Caltrans can determine the most effective way to apply the state's limited resources. The asset management plan is to include a needs assessment as well as an investment plan.

This bill:

1) Requires Caltrans to develop a State Highway System Management Plan

2) Clarifies that the asset management plan prepared by the Caltrans must be integrated with the department's activities related to maintenance and the State Highway Operation and Protection Program (SHOPP).

3) Requires that a draft Sate Highway System Management Plan is to be submitted to California Transportation Commission (CTC) for review and comments by February 15th of each odd-numbered year. Further requires the final plan to be transmitted by CTC to the Governor and Legislature by June 1st of each odd-numbered year.

COMMENTS:

1) *Purpose.* According to the author, "AB 515 aligns transportation investments with the Caltrans Strategic Management plan and improves accountability and transparency. This bill is consistent with the work already underway at Caltrans and the California Transportation Commission."

2) *Maintenance Plan.* Caltrans owns or controls 350,000 acres of right of way and maintains 15,133 centerline miles of highway and 13,063 state highway bridges. Caltrans also inspects more than 12,200 local bridges. As a means to manage the maintenance needs of the state highway system, Caltrans prepares the five-year maintenance plan that includes maintenance activities relative to the state's highways and bridges. Projects in the plan where maintenance is not conducted in a timely manner can result in being re-categorized into the SHOPP for major rehabilitation.

3) *SHOPP.* Caltrans funds the management, preservation, and safety improvements of the state highway system through the SHOPP, a four-year program of projects. In order to anticipate and schedule future needs, Caltrans develops a ten-year SHOPP plan to identify goal-based needs over a ten-year period. The goals reflect desired performance criteria for all highway facilities and full achievement of those goals at the end of a ten-year period. This enables Caltrans to identify the most important projects to fund with available revenue.

4) This bill consolidates the two plans into one transportation planning document. Additionally, as the author notes, this bill is consistent with work already underway at Caltrans and the California Transportation Commission.

Assembly votes:

Floor:	**69-0**
Approps:	**17-0**
Trans:	**12-0**

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

None received.

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 571	**Hearing Date:**	6/27/17
Author:	Eduardo Garcia		
Version:	5/16/2017 Amended		
Urgency:	Yes	**Fiscal:**	Yes
Consultant:	Alison Hughes		

SUBJECT: Income taxes: insurance tax: credits: low-income housing: farmworker housing assistance.

DIGEST: This bill makes changes to the farmworker housing tax credit set-aside within the Low Income Housing Tax Credit (LIHTC) program.

ANALYSIS:

Existing law:

1) Defines "farmworker" housing to mean housing for agricultural workers that is available to and occupied only by farmworkers and their households.

2) Allows the Tax Credit Allocation Committee (TCAC) to permit an owner to temporarily house non-farmworkers in vacant units in the event of a disaster or other critical occurrence provided there are no pending qualified farmworker applications for residency.

3) Provides that a low-income housing development that is a new building and is receiving 9% federal LIHTC credits is eligible to receive state LIHTC over four years of 30% of the eligible basis of the building.

4) Allows TCAC to award state LIHTCs to developments in a qualified census tract (QCT) or a designated difficult development area (DDA) if the project is also receiving federal LIHTC, under the following conditions:

    a) Developments restrict at least 50% of the units to special needs households; and
    b) The state credits do not exceed 130% of the eligible basis of the building.

5) Allows TCAC to replace federal LIHTC with state LIHTC of up to 130% of a project's eligible basis if the federal LIHTC is reduced in an equivalent amount.

6) Defines a QCT as any census tract designated by the U.S. Department of Housing and Urban Development (HUD) in which either 50% or more of the households have an income that is less than 60% of the area median gross income or that has a poverty rate of at least 25%.

7) Defines a DDA as an area designated by HUD on an annual basis that has high construction, land, and utility costs relative to area median gross income.

This bill:

1) Redefines "farmworker housing" as housing in which at least 50% is available to, and occupied by, farmworkers and their households.

2) Allows farmworker housing developments that receive 4% federal LIHTCs that are in qualified census tracts (QCT) or designated development areas (DDA) to receive state LIHTCs.

3) Makes qualified farmworker housing developments eligible for state LIHTCs of 75% of the qualified basis of the building over four years.

COMMENTS:

1) *Purpose.* According to the author, "California's farmworkers face tough obstacles and historically have lacked sufficient investment into ensuring their growth and vitality. Despite this, California's farmworkers are the backbone of a $46 billion agricultural industry that provides fresh fruit and vegetables to America and the entire world. While at one time the farmworker population was characterized by its mobility, today it has become much more stable and permanent in the agricultural areas of the State. In 1996, the Legislature created the Farmworker Housing Assistance Tax Credit Program to ensure the investment of tax credits, specifically in farmworker housing projects. Over the years, legislative changes have been made to improve the broader housing tax credit program, however, the Farmworker Housing Tax Credit Program has not benefitted from some of those policy changes. Currently, California does not utilize its entire private activity tax-exempt bond authority and accordingly does not access the 4% low-income housing tax credits to the fullest extent possible. AB 571 makes improvements to the existing Farmworker Housing Assistance Tax Credit Program to better facilitate the use of this financing tool in several ways."

2) *Background of the federal LIHTC program*. The LIHTC is an indirect federal subsidy developed in 1986 to incentivize the private development of affordable rental housing for low-income households. The federal LIHTC program enables low-income housing sponsors and developers to raise project equity through the allocation of tax benefits to investors. TCAC administers the program and awards credits to qualified developers who can then sell those credits to private investors who use the credits to reduce their federal tax liability. The developer in turn invests the capital into the affordable housing project.

   Two types of federal tax credits are available: the 9% and 4% credits. These terms refer to the approximate percentage of a project's "eligible basis" a taxpayer may deduct from his/her annual federal tax liability in each of 10 years. "Eligible basis" means the cost of development excluding land, transaction costs, and costs incurred for work outside the property boundary. For projects that are not financed with a federal subsidy, the applicable rate is 9%. For projects that are federally subsidized (including projects financed more than 50% with tax-exempt bonds), the applicable rate is 4%. Although the credits are known as the "9% and 4% credits," the actual tax rates fluctuate every month, based on the determination made by the Internal Revenue Service on a monthly basis. Generally, the 9% tax credit amounts to 70% of a taxpayer's eligible basis and the 4% tax credit amounts to 30% of a taxpayer's eligible basis, spread over a 10-year period.

   Each year, the federal government allocates funding to the states for LIHTCs on the basis of a per-resident formula. In California, TCAC is the entity that reviews proposals submitted by developers and selects projects based on a variety of prescribed criteria. Only rental housing buildings, which are either undergoing rehabilitation or newly constructed, are eligible for the LIHTC programs. In addition, the qualified low-income housing projects must comply with both rent and income restrictions.

   Each state receives an annual ceiling of 9% federal tax credits and they are oversubscribed on a per credit basis by 2.4:1 ratio (per project, on a 2.7:1 ratio). Unlike 9% LIHTC, federal 4% tax credits are not capped; however, they must be used in conjunction with tax-exempt private activity mortgage revenue bonds which are capped and are administered by the California Debt Limit Allocation Committee. In 2016, the state ceiling for private activity bonds is set at $3.91 billion. In addition, there was $1.06 billion in bond authority carried forward from previous years.

The value of the 4% tax credits is less than half of the 9% tax credits and, as a result, 4% federal credits are generally used in conjunction with another funding source, like state housing bonds or local funding sources. In 2016, developers used $230 million in annual federal 4% tax credits.

3) *Background of the state LIHTC program.* In 1987, the Legislature authorized a state LIHTC program to augment the federal tax credit program. State tax credits can only be awarded to projects that have also received, or are concurrently receiving, an allocation of the federal LIHTCs. The amount of state LIHTC that may be annually allocated by the TCAC is limited to $70 million, adjusted for inflation. In 2014, the total credit amount available for allocation was $103 million plus any unused or returned credit allocations from previous years. Current state tax law generally conforms to federal law with respect to the LIHTC, except that it is limited to projects located in California.

   While the state LIHTC program is patterned after the federal LIHTC program, there are several differences. First, investors may claim the state LIHTC over four years rather than the 10-year federal allocation period. Second, the rates used to determine the total amount of the state tax credit (representing all four years of allocation) are 30% of the eligible basis of a project that is not federally subsidized and 13% of the eligible basis of a project that is federally subsidized, in contrast to 70% and 30% (representing all 10 years of allocation on a present-value basis), respectively, for purposes of the federal LIHTCs. Furthermore, state tax credits are not available for acquisition costs, except for previously subsidized projects that qualify as "at-risk" of being converted to market rate.

   Combining federal 9% credits (which amounts to roughly 70%) with state credits (which amounts to 30%) generally equals 100% of a project's eligible basis. Combining federal 4% credits (which amounts to roughly 30%) with state credits (which amounts to 13%), only results in 43% of a project's eligible basis.

4) *Background of state credits in DDAs and QCTs.* Federal law also allows credits equal to 130% of eligible basis if the project is located in a QCT or a DDA, a so-called "basis boost" of 30%. QCTs are designated by the Secretary of HUD, in which either 50% or more of the households have an income that is less than 60% of the area median gross income or have a poverty rate of 25%. The Secretary of HUD also draws DDAs using a ratio of construction, land, and utility costs to area median gross income.

State law prohibits TCAC from allocating state credits in QCTs or DDAs unless TCAC swaps out federal credits willing to forgo the "basis boost," so that the combined credit amount doesn't exceed 130% of basis. The rationale for this prohibition is that projects in these areas can qualify for more federal tax credits through a basis boost and therefore are already advantaged.

State law was recently amended to authorize TCAC, in limited cases, to award state LIHTCs for use in DDAs or QCTs, in addition to the federal credits. To qualify, a development must restrict at least 50% of the units to special-needs households. The change allows these projects to receive state credits of 30% of basis in addition to federal ones generated on 130% of basis.

5) *Farmworker housing credit set-aside.* According to TCAC, there is currently nearly $5 million in farmworker credits available. TCAC awarded farmworker credits project with state farmworker credits in each of the following years: 2008, 2015, and 2017. It should be noted that TCAC awards farmworker projects with regular 9% and 4% state credits. In the last three 9% rounds, there has been at least one farmworker project funded without state farmworker credits (all had regular state credits).

6) *Occupancy requirements.* This bill makes several changes to the farmworker housing set-aside to make the projects more feasible and increase the supply of farmworker housing.

   To qualify for LIHTCs, occupancy in farmworkers developments must be limited to farmworkers and their families, except that TCAC can allow owners to temporarily house non-farmworkers in vacant units during a disaster. This bill would reduce the occupancy requirement from 100% farmworkers and their families to 50%. In some cases, a tenant in a farmworker housing development may begin their tenancy employed as a farmworker but change employment while living in the development. The change in employment can jeopardize their tenancy in the project. Reducing the occupancy to 50% will provide greater flexibility to developers in responding to this and other types of challenges.

7) *Increased access to state credits.* This bill seeks to increase the amount of credits that farmworker tax credit projects can receive to make the credits more valuable and to allow greater leveraging of other bonding authority. Federal LIHTC can be used anywhere in the state, but projects are given an additional 30% boost on their eligible basis if the project is located in a DDA or a QCT. Because these areas by definition have a higher-poverty level and there is a higher concentration of extremely low-income or homeless individuals and

families, housing needs deeper subsidy to make it affordable. Existing state law does not allow state tax credits to be awarded in DDAs and QCTs with one exception: housing developments where 50% of the units are for special needs populations. The rationale for this prohibition is projects in these areas can qualify for more federal tax credits and therefore are already advantaged.

This bill would allow state tax credits to be awarded to farmworker housing projects without regard to DDA or QCT status with the main purpose of making the state credits more valuable and providing enough state tax credits to match the value of a 9% federal tax credit. Allowing state credits to be used for farmworker projects in DDAs and QCTs would increase the equity projects could generate from tax credits because the projects can already qualify for more federal tax credits than projects outside of a DDA or a QCT. As an example, if a project qualifies for $10 million in eligible basis in a DDA or QCT, the project could get up to 130% of that basis in federal tax credits, which means the project sponsor, would have $13 million in federal credits to sell to an investor. This bill would allow that project to get an additional 30% in state tax credits against the $10 million in eligible basis, which would create an additional $3 million in state tax credits.

This bill would encourage developers constructing farmworker housing to apply for 4% federal credits by increasing the value of the state credits that would accompany those credits. The amount of federal 9% credits available each year are capped, however 4% federal credits are unlimited. The value of the 4% tax credits are less than half of the 9% tax credits and, as a result, 4% federal credits are generally used in conjunction with another funding source like state housing bonds or local funding sources. In addition, federal 9% credits are oversubscribed where as 4% federal credits are less highly subscribed. Developers that receive 4% federal credits would receive state credits that would be worth 75% of the projects eligible basis over four years. Additionally, these 4% projects would get the 30% boost if the project were in a DDA or QCT.

8) *Double-referral.* This bill is double-referred to the Governance and Finance Committee.

RELATED LEGISLATION:

AB 2140 (Hernandez, 2016) — would have made changes to the farmworker housing tax credit set-aside within the LIHTC program. *This bill was held in Senate Appropriations Committee.*

AB 71 (Chiu, 2017) — proposed to increase the LIHTC by $300 million on an annual basis and increase the set-aside for farmworker housing tax credits within that pool from $500,000 to $25 million. *This bill is pending on the Assembly Floor.*

Assembly Votes:
Floor: 77-0
Appr: 17-0
Rev&Tax: 9-0
H&CD: 7-0

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2016.)

SUPPORT:

California Coalition for Rural Housing (co-sponsor)
California Rural Legal Assistance Foundation (co-sponsor)
Burbank Housing Development Corporation
California Housing Consortium
Coachella Valley Housing Coalition
Community Economics, Inc.
Community Housing Improvement Systems and Planning Association, Inc.
Community Housing Opportunities Corporation
County of Tuolumne Housing Division
First Congregational UCC Barstow
Mutual Housing California
Non-Profit Housing Association of Northern California
Our Town St. Helena
Project Sentinel
Rural Community Assistance Corporation
San Luis Obispo County Housing Trust Fund
Self-Help Enterprises
Western Growers Association

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 582	**Hearing Date:**	6/27/2017
Author:	Cristina Garcia		
Version:	6/19/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Erin Riches		

SUBJECT: Vehicles: emissions: surveillance.

DIGEST: This bill requires the state Air Resources Board (ARB) to enhance its emissions testing of new motor vehicles and authorizes ARB to impose a fee on vehicle manufacturers to cover implementation costs.

ANALYSIS:

Existing law:

1) Prohibits a motor vehicle from being sold and registered in California unless the manufacturer permits the state Air Resources Board (ARB) to conduct emissions testing on the vehicle.

2) Authorizes ARB, by regulation, to impose fees on vehicle manufacturers to recover the costs of emissions surveillance.

3) Requires a manufacturer who fails to pay this fee to pay ARB an additional fee of 10%. Provides an additional 90 days for payment if the manufacturer informs ARB that additional information is needed to honor the invoice. Requires a manufacturer who fails to pay all fees within one year to pay a penalty fee equal to 100% of all fees imposed and imposes a subsequent 100% penalty for each year the fees go unpaid.

4) Establishes a civil penalty of $37,500 per action for the following violations:
   a) Import, delivery, purchase, rent, lease, acquisition, or receipt of a new vehicle, new engine, or vehicle with a new engine that has not been certified by ARB.
   b) Sale of a new motor vehicle in California that does not meet ARB emissions standards.
   c) Failure to comply with ARB emissions standards or test procedures.

This bill:

1) Requires ARB to enhance its certification, audit, and compliance workload for new motor vehicles to detect defeat devices or other software used to evade emissions testing.

2) Requires this enhancement to include, but need not be limited to, increased utilization of in-use and real-world conditions emissions testing.

3) Authorizes ARB to consult or partner with academic institutions and laboratories to develop new surveillance methods and test cycles, perform emissions testing on behalf of ARB, and conduct research on vehicle emissions testing.

4) Authorizes ARB to impose fees on manufacturers of new motor vehicles to recover implementation costs. Caps the fees at $7 million for fiscal year 2018-19 and limits subsequent increases to inflation, operational costs, and labor costs.

5) Requires a manufacturer who fails to pay this fee within 60 days to pay ARB a penalty equal to 10% of the fee. Provides an additional 90 days for payment if the manufacturer informs ARB that additional information is needed to honor the invoice. Requires a manufacturer who fails to pay all fees within one year to pay a penalty fee equal to 100% of all fees imposed and imposes a subsequent 100% penalty for each year the fees go unpaid.

COMMENTS:

1) *Purpose*. The author states that while ARB was instrumental in catching the Volkswagen emissions control violations, Volkswagen vehicles were able to pollute California's air for nine years before this occurred. This bill would provide new tools and resources to ARB to assist them in staying current on any new vehicle technology that could game California's clean air laws. This bill would direct ARB to enhance their new motor vehicle emissions testing program to include more real-world conditions testing. This bill will keep ARB at the forefront of protecting California's air from deceitful polluters and ensure that the rules apply to everyone.

2) *Background: the VW scandal.* As early as 2013, regulators in California and the European Union noticed that emissions for Volkswagen diesel engines were higher than expected when the cars were tested in actual operating conditions.

Clear evidence that the vehicles' on-road emissions deviated from laboratory testing levels came in May 2014 in a study by university researchers working in cooperation with ARB. The study results prompted ARB and US EPA to launch their own investigations. On September 3, 2015, representatives of Volkswagen admitted to staff of US EPA and ARB that a large number of their vehicles had been designed and manufactured with a software-based "defeat device" to bypass, defeat, or render inoperative elements of the vehicles' emissions control systems. As a result, those vehicles are able to pass emissions tests despite exceeding federal emissions standards by up to 40 times. According to vehicle sales data, there are estimated to be 617,000 of these vehicles nationally, of which about 79,000 are in California. US EPA and ARB are currently also investigating Fiat Chrysler for alleged similar violations.[1]

3) *Federal and state emissions testing requirements*. Nationally and statewide, the transportation sector is responsible for a major portion of air pollution. To address transportation sector emissions, the federal Clean Air Act authorizes US EPA to establish and regulate standards for mobile sources of air pollution. Because of its pre-existing vehicle emissions standards and motor vehicle air pollution problems, California is also authorized under the Clean Air Act to implement separate, stricter state mobile emissions standards.

   Both US EPA and ARB regulations require a manufacturer, prior to introducing a vehicle for sale, to demonstrate that it meets certain federal and state emissions standards. Only after undergoing this certification process are vehicles legal for sale in California. In California, applications must be concurrently submitted to, and approved by, both US EPA and ARB. A manufacturer that fails to comply is subject to civil penalties and other enforcement actions. The current maximum federal penalty is $37,500 per violation. A violation of the state certification carried a fine, up until this year, of up to $5,000 per vehicle; AB 1685 (Gomez, Chapter 604, Statutes of 2016) brought the state fine in line with the federal fine.

4) *Catching cheaters at the front end.* Under partial settlements with ARB and US EPA, Volkswagen is now paying billions of dollars in penalties, mitigation, and investments in zero emission vehicles. In addition, Volkswagen must make a concerted effort to either repair the offending vehicles or remove them from the road. No payment or action, however, can undo the negative air quality impact of these vehicles to date. This bill aims to ensure that ARB is able to catch any

[1] For more information, see "Volkswagen and Fiat-Chrysler Emissions Control Violations: Impact on California," a joint hearing of the Transportation and Housing Committee and the Environmental Quality Committee, March 21, 2017, at http://stran.senate.ca.gov/content/oversightinfo-hearings.

emissions violators prior to the vehicles hitting the road, e.g., before they can negatively impact California's air quality.

5) *Opposition concerns*. The Alliance of Automobile Manufacturers, writing in opposition to this bill, seeks amendments to tie fees to certifications and to expand certifications to non-vehicular engines and equipment. The Alliance also raises concerns about expanding ARB authority to contract with private parties to conduct testing and surveillance, and objects to potentially allowing private party access to proprietary data and sensitive business information. The author states that she is continuing to work with the Alliance to address their concerns.

6) *Amendments*. **The author will accept the following clarifying amendments:**
   a) Page 2, line 12, change "workload" to activities."
   b) Page 2, line 16, change "enhancement" to "certification, audit, and compliance activities."
   c) Add the following definition: "For purposes of this section, 'real-world conditions emissions testing' may include both new and used vehicles being driven on-road, outside of normal laboratory testing conditions."

7) *Double referral*. This bill has also been referred to the Environmental Quality Committee.

RELATED LEGISLATION:

AB 1685 (Gomez, Chapter 604, Statutes of 2016) — increases and clarifies the civil penalties for certain emissions violations by vehicle and engine manufacturers and distributors.

ACR 112 (Hadley, Resolution Chapter 112, Statutes of 2016) — Commends ARB for its role in uncovering emissions control defeat devices and declares the Legislature's support for the increased use of real-world emissions verification testing and enhanced penalty authority for ARB to deter future efforts to circumvent emissions standards.

SB 1402 (Dutton, Chapter 413, Statutes of 2010) — requires ARB to provide a specified written explanation prior to imposing an administrative or civil penalty for a violation of air pollution law; make these explanations available to the public; annually report specified administrative penalties it has imposed; and publish a penalty policy in relation to vehicular air pollution control.

Assembly Votes:

Floor:	**62-13**
Appr:	**13-2**
Trans:	**12-1**
Nat Res:	**8-1**

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

American Lung Association in California
American Veterans (AMVETS)
Apostolic Faith Center
California Communities Against Toxics
California Kids IAQ
California League of Conservation Voters
California Safe Schools
Coalition for a Safe Environment
Coalition for Clean Air
Community Dreams
Del Amo Action Committee
EMERGE
NAACP San Pedro-Wilmington Branch #1069
San Pedro & Peninsula Homeowners Coalition
Sierra Club California
Society for Positive Action
St. Philomena Social Justice Ministry
Valley Clean Air Now
Wilmington Improvement Network

OPPOSITION:

Alliance of Automobile Manufacturers

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 623	**Hearing Date:**	6/27/2017
Author:	Rodriguez		
Version:	4/17/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Randy Chinn		

SUBJECT: Autonomous vehicles: accident reporting.

DIGEST: This bill requires the operator of an autonomous vehicle (AV) to follow existing motor vehicle accident reporting requirements, and requires the California Highway Patrol (CHP) or any other peace officer to specify an AV was involved in the traffic collision in any manner.

ANALYSIS:

Existing law:

1) Requires CHP to prepare and supply to police departments, coroners, sheriffs, and other suitable agencies or individuals, specified forms for accident reports.

2) Requires CHP to tabulate and authorizes it to analyze all accident reports and publish annually or at more frequent intervals statistical information based thereon as to the number and location of traffic accidents, as well as other information relating to traffic accident prevention.

3) Requires the driver of a motor vehicle who is in any manner involved in an accident originating from the operation of the motor vehicle on a street or highway, or is involved in a specified reportable off-highway accident, that has resulted in damage to the property of any one person in excess of $1,000, or in bodily injury, or in the death of any person to report the accident, within 10 days after the accident, either personally or through an insurance agent, broker, or legal representative, on a form approved by CHP, as specified.

4) Requires DMV, as soon as practicable, but no later than January 1, 2015, to adopt regulations setting forth requirements for the specified submission of evidence of insurance, surety bond, or self-insurance, and the submission and approval of an application to operate AVs.

5) Requires DMV's AV regulations to include any testing, equipment, and performance standards, in addition to those established, as specified, that DMV concludes are necessary to ensure the safe operation of AVs on public roads, with or without the presence of a driver inside the vehicle.

6) Authorizes DMV, for an application seeking approval for AVs capable of operating without the presence of a driver inside the vehicle, to impose additional requirements it deems necessary to ensure the safe operation of those vehicles, and may require the presence of a driver in the driver's seat of the vehicle if it determines, based on its specified review, that such a requirement is necessary to ensure the safe operation of those vehicles on public roads.

This bill:

1) Requires that a traffic collision report filed by the CHP or any other peace officer specify if an AV was involved in the collision.

2) Requires the operator of an AV to report an accident in the same way that a driver of automobile that is not an AV reports an accident.

COMMENTS:

1) *Purpose.* The author introduced this bill to gather important information when an AV is involved in an accident to help ensure public safety is not at risk.

2) *Updating the Form.* In order to indicate when an AV is involved in a collision, the CHP will have to update its accident reporting form. This form, known as the CHP 555, is the standard accident report form used by all public safety jurisdictions in California. The form has fields for information regarding the drivers, vehicles, and specifics about the accident. This bill will cause the CHP to add a field for indicating whether any of the vehicles were AVs.

3) Ghost Operator. This bill is intended to make clear that when an AV is involved in an accident, someone is responsible for reporting that accident to the DMV. The bill uses the term "operator". But when no one is driving the AV, who is the operator? It might be clearer to instead use the term "owner". *The author will accept an amendment to replace "operator" with "owner" and to insert "or owner" on page 3, line 32 of the bill after "driver".*

RELATED LEGISLATION:

1) AB 1444 (Baker) of 2017 authorizes the Livermore Amador Valley Transit Authority to conduct a demonstration project for the testing of autonomous vehicles without a driver in the driver's seat under specified conditions. *This bill is pending in the Senate Transportation and Housing Committee.*

2) AB 1160 (Bonta) of 2017 expands the definition of AV to also include any vehicle equipped with technology that makes it capable of operation that meets the definitions of Levels 3, 4, or 5 of the Society of Automotive Engineers' "Taxonomy and Definitions for Terms Related to On-Road Motor Vehicle Automated Driving Systems, Standard J3016." *This bill is pending in the Senate Transportation and Housing Committee.*

3) AB 1592 (Bonilla) of 2016 authorizes Contra Costa Transportation Authority to conduct a pilot project for the testing of AVs under specific conditions. *This bill has been chaptered by the Secretary of State, Chapter 814, Statutes of 2016.*

4) AB 1298 (Padilla) of 2012 establishes conditions for the operation of AVs upon public roadways. *Status: This bill has been chaptered by the Secretary of State, Chapter 570, Statutes of 2012.*

Assembly votes:
Floor: 77-0
Appropriations: 17-0
Communications and Conveyance: 12-0
Transportation: 13-0

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

ACIC
American Insurance Association
California Delivery Association
Personal Insurance Federation of California
National Association of Mutual Insurance Companies

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 634	**Hearing Date:**	6/27/2017
Author:	Eggman		
Version:	6/19/2017		
Urgency:	No	**Fiscal:**	No
Consultant:	Randy Chinn		

SUBJECT: Real property: solar energy systems.

DIGEST: This bill prohibits homeowner's associations (HOAs) from requiring approval of the membership of the common interest development (CID) for installation of a solar energy system on the roof of the building in which the owner resides, and clarifies provisions that impose reasonable restrictions on solar energy systems.

ANALYSIS:

Existing law:

1) Allows a CID to impose reasonable restrictions on the installation of solar energy systems, including requiring an owner to obtain the approval of the CID prior to installing a system in a common area, or in another owner's separate interest.

2) Requires the affirmative vote of members owning at least 67 percent of the separate interests in the CID before the board may grant exclusive use of any portion of the common area to a member, unless the governing documents specify a different percentage.

3) Permits reasonable restrictions on solar energy systems that do not significantly increase the cost of the system or significantly decrease its efficiency or specified performance, or that allow for an alternative system of comparable cost, efficiency, and energy conservation benefits.

4) Defines "significantly" as used in 3), above, to mean an amount exceeding 10 percent of the cost of the solar energy system, but in no case more than one thousand dollars ($1,000), or decreasing the efficiency of the solar energy system by an amount exceeding 10 percent, as originally specified and proposed.

This bill:

1) Eliminates the requirement of a vote before a solar energy system can be installed on a common roof.

2) Authorizes HOAs to impose conditions on a homeowner (applicant) wishing to install a solar energy system on a common roof shared by more than one homeowner:

    a) Notification by the applicant to each owner of a unit in the building on which the solar installation will be located;
    b) Development of a solar site survey showing the placement of the solar energy system, which shall include an equitable allocation of the usable solar roof area among all owners sharing the same room;
    c) Making the applicant responsible for any damage resulting from the installation, maintenance, repair, removal, or replacement of the solar energy system, including requiring a liability coverage policy naming the HOA as an additional insured with a right of notice of cancellation.

COMMENTS:

1) *Purpose.* According to the author, this bill clarifies that while solar installations are subject to reasonable restrictions and an approval process by the HOA, a vote of the whole membership is not a part of that approval, and that associations shall not have blanket prohibitions against solar installations. This is consistent with exemptions of other installations, such as electric vehicle charging stations.

2) *What's the Problem?* Supporters of this bill argue that a requirement for 67% approval of an HOA before a homeowner is permitted to install a solar system is in effect a ban because many homeowners fail to vote. They note a specific example from the East Bay where 81% of the votes supported allowing the installation of rooftop solar systems, but because only 55% of the eligible homeowners voted the proposal did not pass.

3) *My Gain, Your Cost.* A vote is required before installing a solar energy system in most HOA situations because the system is installed on the roof, which is owned by all HOA members. While a solar energy system may provide benefits to the HOA member who installs it, any damage to the roof from the installation, use, or removal of the solar energy system is the responsibility of all HOA members. And because rooftop solar systems require penetrating the

roof to anchor the solar panels, the likelihood of water leakage or damage over the 10- or 20-year life of the system is significant.

4) *Solution: Protect the Innocent.* The author guards against the inequity of shifting potential costs to others by establishing specific safeguards that put the responsibility for any damage resulting from the solar energy system onto the homeowner who installed the solar energy system. Specifically, instead of requiring a vote, this bill permits a homeowner to install a solar system on the roof of his unit, or proportionate share thereof, provided that all other HOA members are held harmless for any costs associated with the installation or maintenance of that system. To that end, the bill authorizes HOAs to require: 1) the homeowner proposing to install the solar energy system to notify the other owners in the building of his plans; 2) the development of a solar site survey which identifies the roof area of the building which is suitable for a solar energy system (e.g. unshaded, south- or west-facing, uninterrupted clear space, etc.) and which allocates that space between all the owners under that same roof; and 3) the homeowner proposing to install the solar energy system must be responsible for any damage resulting from the installation, maintenance, repair, removal, or replacement of the solar energy system, including requiring a liability coverage policy naming the HOA as an additional insured with a right of notice of cancellation.

   While these safeguards appear reasonable and adequate, there is still some debate. Some homeowner interests view the provisions as not sufficiently protective while some solar energy interests are concerned that the cost of the liability coverage may be prohibitive. This bill is double-referred to the Senate Judiciary Committee where this conversation will doubtless continue.

   One improvement to these protections would be to make the notification to other homeowners sharing the same roof mandatory, rather than at the discretion of the HOA. This would ensure that neighbors are informed even if the homeowner wanting to install the solar energy system were an HOA officer wanting to avoid detection. *The author has agreed to this amendment*.

5) *Precedent.* There is precedent for the installation of equipment in common areas without a vote of the HOA: SB 209 (Corbett; Chapter 121 of the Statutes of 2011) allows a homeowner to install an electric vehicle charging station with specified safeguards, including an insurance requirement, to protect the other homeowners.

6) *Can I Buy Yours?* There may be circumstances where a homeowner's proportionate share of the solar-suitable roof area is inadequate for a properly

sized solar energy system, but if that homeowner could also use his neighbor's roof area the area would be sufficient. It isn't clear that such arrangements are authorized under this bill.

7) *No Impact.* This bill does not affect single family homes within HOAs as the roofs on those dwellings are not common area.

8) *Not Solar for All*. While this bill will expand the potential market for rooftop solar energy installations, there will be many circumstances where such installations will still be infeasible, such as multi-story, multi-tenant condominiums. However, those homeowners can still purchase renewable energy from their utility or community choice aggregator.

9) *Double Referral*. This bill has been doubled referred to the Senate Judiciary committee.

RELATED LEGISLATION:

SB 71 (Wiener, 2017) — Authorizes the California Energy Commission to require the installation of solar energy systems on new residential buildings as part of the building standards if the system is cost effective and affordable. *This bill is pending in the Assembly Housing and Community Development committee.*

Assembly votes:
Floor: 78-0
Judiciary: 11-0

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

All Electric & Solar
Sustainable Rossmoor
Six individuals

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 692	**Hearing Date:**	6/27/2017
Author:	Chu		
Version:	4/17/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Mikel Shybut		

SUBJECT: Schoolbuses: passenger restraint systems.

DIGEST: This bill requires the governing board of a school district to complete an inventory of their school buses, including whether they have passenger restraint systems, and requires the State Department of Education along with the California Highway Patrol to formulate a plan to get all school buses equipped with restraint systems by January 1, 2023.

ANALYSIS:

Existing federal law requires that small school buses (10,000 pounds or less) be equipped with a seatbelt assembly at each seating position.

Existing state law:

1) Requires school buses purchased or leased for use in California to have a combination pelvic and upper torso passenger restraint system at all seating positions if manufactured after either July 1, 2004 or July 1, 2005, depending on the type.

2) Requires all passengers in a school bus equipped with passenger restraint systems to use them.

3) Requires all students from prekindergarten through 8th grade who receive home-to-school transportation to receive, at least once each school year, safety instruction on the use of passenger restraint systems.

4) Requires passenger restraint system instruction to include, at least, proper fastening and release, acceptable placement on the students, times at which they should be fastened and released, and acceptable placement when they're not in use.

5) Requires the California Highway Patrol (CHP) to inspect every school bus at least once per school year to ascertain whether its construction, design, equipment, and color comply with all provisions of law.

6) Prohibits charging any person, school district, or organization for a seat belt violation with relation to school buses equipped with passenger restraint systems.

This bill:

1) Requires the governing board of a school district to complete and report to the State Department of Education, on or before January 1, 2019, an inventory of the school district's school buses, including the year, model, and make of the school buses and whether they are equipped with passenger restrain systems.

2) Requires the State Department of Education, CHP, and any other appropriate or necessary entities to form, on or before January 1, 2020, a stakeholder workgroup to formulate and report to the Legislature a plan for school districts to have their entire school bus fleets equipped with passenger restraint systems on or before January 1, 2023.

3) Encourages a school district to comply with the January 1, 2023 passenger safety restraint plan by doing either of the following:

    a) Retrofitting school buses already in its fleet with passenger restraint systems at all designated seating positions.
    b) Purchasing new school buses that are equipped with passenger restraint systems at all designated seating positions.

4) Allows the governing board of a school district and any other appropriate entities to utilize existing programs for which they are eligible to incentivize and ensure their compliance with the January 1, 2023, passenger safety restraint plan formulated pursuant to subdivision (b), including, but not limited to, both of the following:

    a) The State Air Resources Board's Lower-Emission School Bus Program.
    b) The Department of the California Highway Patrol's School Bus Program.

5) Defines "passenger restraint system" to mean either of the following:

a) A restraint system that is in compliance with Federal Motor Vehicle Safety Standard 209, for a type 2 seatbelt assembly, and with Federal Motor Vehicle Safety Standard (FMVSS) 210, as those standards were in effect on the date the school bus was manufactured.
b) A restraint system certified by the school bus manufacturer that is in compliance with FMVSS 222 and incorporates a type 2 lap/shoulder restraint system.

6) Prohibits a person, school district, or organization from being charged for a violation of this code or a regulation adopted thereunder requiring a passenger to use a passenger restraint system, if a passenger on the school bus fails to use or improperly uses the passenger restraint system.

COMMENTS:

1) *Purpose.* According to the author, "The author's intent regarding this bill is to ensure that all students have equal access to the safest form of school transportation — which, according to various studies, can reduce injuries, prevent fatalities, and lower disciplinary incidents — while taking into consideration the limitations placed on local school districts as a result of school transportation budgets. By providing a timeline and plan for school districts to meet the goal of having all school buses equipped with three-point seat belts by January 1, 2023, this bill is a measured strategy to reduce injuries and save lives for all students in California."

2) *Buckling up.* In California, new school buses purchased or leased since 2005 have been required to have passenger restrain systems. Further, federal law requires small school buses (10,000 pounds or less) to have lap and/or lap and shoulder safety belts at all seating positions. Therefore, as school districts buy new buses or replace their old fleet, the number of school buses with seatbelts will increase. According to CHP, the number of school buses with passenger restraint systems has increased steadily since these laws went into effect. The percentage of school buses equipped with restraint systems increased from around 7.4% (1,900 out of 25,822) in 2007 to around 54.4% (10,710 out of 19,690) in 2016. Based on these numbers, CHP estimates that by 2025, around 90% of school buses could be equipped with restraint systems. This bill requires CHP along with the Department of Education to formulate a plan to reach 100% by 2023.

3) *Bus accidents*. In a recent report[1], the National Highway Traffic Safety Administration (NHTSA) found that from 2006 to 2015, school-transportation-related fatal crashes represented 0.4% (1,172) of the 324,710 total fatal motor vehicle traffic crashes in the United States. Of the 1,313 school-transportation-related fatalities, 9% were occupants of the school transportation vehicle, 20% were outside the vehicle, and 72% were occupants in the other vehicles involved in the crash. According to NHTSA, students are at the most risk while boarding or departing the bus. Between 2006 and 2015, 54 school-age (18 and under) occupants of school transportation vehicles died in school-related crashes while 102 school-age pedestrians died in school-related crashes. On average, 5 school vehicle drivers and 6 school vehicle passengers of all ages die each year in school-transportation-related crashes, while 17 pedestrians are fatally struck per year by a school vehicle.

4) *Bus design*. According to NHTSA, due to the large size and heft of school buses (over 10,000 pounds), impact forces are distributed much differently from smaller passenger vehicles. NHTSA determined that the best way to protect children on large school buses was through compartmentalization – packing strong seats closely together with high-backed, cushioned seats designed to take an impact. While this may provide protection for many scenarios, passenger restraint systems can be especially important in rollover events or side impacts. In November, 2015, the then NHTSA Administrator Mark Rosekind stated explicitly that NHTSA believes that seat belts save lives, that school buses should have seat belts, and that manufacturers don't have to wait for a federal mandate before installing them on school buses. According to their website, NHTSA is currently without an administrator.

5) *Costs*. In November of 2016, NHTSA required all newly manufactured buses over 26,000 pounds as well as all new over-the-road buses (those that contain a baggage compartment below an elevated passenger platform as commonly used by carriers like Greyhound) to have driver and passenger seat belts, but excluded transit, school, and non-over-the-road prison and perimeter-seating (fewer than two rows of forward-facing seats) buses. NHTSA gave serious consideration to requiring the retrofit of old buses with seat belts, but determined that it would be cost-prohibitive for smaller entities, at $14,650 to $40,000 per vehicle, and found that their safety benefit is entirely dependent on their use rate, which is typically very low for buses. For school buses, however, seat belts are required to be worn, if available, and the estimated cost is slightly lower. A PBS NewsHour report estimated a cost of $7,000 to $10,000 on a bus

[1] National Center for Statistics and Analysis. (2017, January). Schooltransportation-related crashes: 2006-2015 data. (Traffic Safety Facts. Report No. DOT HS 812 366). Washington, DC: National Highway Traffic Safety Administration.

that may already cost $80,000 to $120,000.

6) *Getting the data.* This bill will cause the creation of an inventory of school buses statewide. Such an inventory may be useful for identifying where the oldest buses are and whether action is needed to increase the rate of adoption of passenger restraint systems on buses or if those old buses are already intended to be replaced by new bus purchases.

7) *Quick fix.* **The author agreed to accept technical amendments to change a reference to the "National Highway Transportation Safety Administration" to the correct title, the "National Highway Traffic Safety Administration."**

8) *Double referred.* This bill is double referred to the Senate Education Committee.

RELATED LEGISLATION:

SB 20 (Hill, 2017) — would require drivers and passengers of buses to wear seat belts, if available, including charter-party carrier buses. SB 20 is set for hearing in the Assembly Transportation Committee.

SB 568 (Morrow, Chapter 581 of 2001) — Required school buses purchased or leased for use in California to have pelvic and upper torso passenger restraint systems by July 1, 2004 or July 1, 2005 depending on the type of school bus.

AB 15 (Gallegos, Chapter 648 of 1999) — required all school buses in California that are manufactured after January 1, 2002, to be equipped with passenger restraint systems, at all designated seating positions, unless specifically prohibited by the National Highway Traffic Safety Administration.

Assembly Votes:
Floor: 76-0
Appropriations: 17-0
Transportation: 13-0

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

American Academy of Pediatrics
Consumer Attorneys of California

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 697	**Hearing Date:**	6/27/2017
Author:	Fong		
Version:	6/12/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Erin Riches		

SUBJECT: Tolls: exemption for privately owned emergency ambulances.

DIGEST: This bill exempts privately owned emergency ambulances from tolls.

ANALYSIS:

Existing law:

1) Exempts an authorized emergency vehicle from any requirement to pay a toll or other charge on a toll bridge, toll highway, or high-occupancy toll (HOT) lane, if all the following conditions are satisfied:

   a) The vehicle properly displays an exempt California license plate and is properly identified or marked as an authorized emergency vehicle, including but not limited to display of an external surface-mounted red warning light, blue warning light, or both, and display of public agency identification including but not limited to "Fire Department," "Sheriff," or "Police."

   b) The vehicle is being driven while responding to or returning from an urgent or emergency call, engaging in an urgent or emergency response, or engaging in a fire station coverage assignment directly related to an emergency response.

2) Provides that an authorized emergency vehicle being used for personal use, training, or administrative purposes, is not exempt from any tolls.

3) Prescribes a process whereby heads of public agencies can satisfy a toll bill or invoice by justifying an urgent or emergency response.

4) Authorizes toll facility operators to enter into agreements with emergency services providers in relation to providers' use of the toll facility.

This bill includes privately owned emergency ambulances in the toll exemption for authorized emergency vehicles.

COMMENTS:

1) *Purpose*. The author states that existing law, which requires ambulances operated by private companies to pay tolls, increases the cost of emergency response. This bill will provide uniform applicability of toll exemptions for all emergency response vehicles, including ambulances operated by private companies. The author states that ultimately, this bill is about helping to save lives and what is best for the public. All emergency responders, whether public or private, should be able to use the best and most efficient route to serve the public during emergencies.

2) *Existing HOV and HOT lane exemptions*. Existing law allows authorized emergency vehicles to use high-occupancy vehicle (HOV) lanes (e.g., carpool lanes) when responding to or returning from an emergency call. Privately owned ambulances that are licensed by the California Highway Patrol (CHP) to operate as authorized emergency vehicles are included in this exemption, but privately owned ambulances that simply transport patients to facilities and treatment are not.

   Existing law exempts authorized emergency vehicles from toll bridges, toll highways, and HOT lanes; however, no private ambulances are included in this exemption. Although this bill expands the toll exemption only to private ambulances that are responding to or returning from an emergency call, it does not explicitly exclude private ambulances that are not licensed by the CHP as authorized emergency vehicles. Because it could be difficult for an officer or toll authority to know whether a vehicle is responding to or returning from an emergency without actually pulling them over to ask, this bill would likely result in all private ambulances being exempted from tolls.

3) *Why aren't private ambulances already exempted from tolls?* AB 254 (Jeffries, 2009) established toll exemptions for authorized emergency vehicles. The intent of this bill was to help firefighters who traveled to Southern California to battle wildfires and were charged tolls. Although local fire departments generally had agreements with toll operators that exempted them from tolls, the agreements did not apply to fire departments from other parts of the state. The California Ambulance Association (CAA), sponsor of this bill, states that similarly, local toll agreements do not tend to include privately owned ambulances.

4) *Who pays?* The CAA states that if this bill passes, "private ambulance companies will not be encumbered with toll costs that are unreimbursed." CAA further states that "granting toll exemptions to emergency responding private ambulances is an insignificant impact on the toll facilities," reporting that tolls cost these companies a total of about $2.5 million annually. Different toll agencies treat private ambulances differently. The Transportation Corridor Agencies (TCA), operator of the toll road network in Orange County, already exempts privately owned ambulances from tolls, so this bill would not impact TCA's toll revenues. The Riverside County Transportation Commission (RCTC), on the other hand, only exempts CHP and local fire department from its tolls and therefore would be impacted by this bill. RCTC was initially opposed to this bill, but removed its opposition based on the June 12th amendments, which provide more flexibility to toll operators in how to communicate with private ambulance operators.

RELATED LEGISLATION:

SB 406 (Leyva, 2017) — would allow blood transport vehicles to use HOV lanes, regardless of occupancy, while in the process of transporting blood products. *This bill is scheduled to be heard on June 26th in the Assembly Transportation Committee.*

AB 497 (Block, 2009) — would have allowed physicians, when traveling in response to an emergency call, to access HOV lanes, regardless of occupancy. *This bill failed passage in the Senate Transportation and Housing Committee.*

AB 670 (B. Berryhill, 2009) — would have permitted a veteran or active duty member of the United States Armed Forces to use HOV lanes, regardless of occupancy. *This bill failed passage in the Assembly Transportation Committee.*

AB 254 (Jeffries, Chapter 425, Statutes of 2009) — exempted authorized emergency vehicles from requirements to pay tolls.

Assembly Votes:

Floor:	**76-0**
Appr:	**16-0**
Trans:	**12-0**

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

California Ambulance Association (sponsor)
American Medical Response

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 866	**Hearing Date:**	6/27/2017
Author:	Cunningham		
Version:	2/16/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Mikel Shybut		

SUBJECT: State highways: gateway monuments.

DIGEST: This bill allows cities or counties to display the United States flag and/or the California state flag as part of a gateway monument so long as the flags are maintained by the city or county.

ANALYSIS:

Existing law authorizes the Flag of the United States of America and the Flag of the State of California to be displayed on a sidewalk located in or abutting on a state highway situated within a city, if the type of flag holder and the method of its installation and maintenance are not in violation of the Department of Transportation's (Caltrans') rules.

This bill:

1) Authorizes a city or county to display the Flag of the United States of America or the Flag of the State of California, or both, as part of a gateway monument if the flags are maintained by the city or county.

2) Defines a "gateway monument" as any freestanding structure or sign, or non-integral or non-required highway feature, constructed within the state's right-of-way, which communicates the name of the city or county.

COMMENTS:

1) *Purpose*. According to the author, "By California law, The Flag of the United States of America flies over every public building; every state park; every university, college, high school, and elementary school campus; every agricultural station; every highway maintenance section; and at all games in stadiums or bowls throughout California. But the California Department of Transportation forbids the Flag of the United States and the Flag of the State of

California from flying over gateway monuments. AB 866 updates the [statutory authority of the] California Department of Transportation to allow the Flag of the United States of America and the Flag of the State of California over gateway monuments (monuments communicating the name of a city or county)."

2) *Gateway monuments*. A gateway monument, which is defined by this bill, is a freestanding sign or structure along a highway that displays the name of the city and often contains the city's seal or slogan. Differing from a community identification sign that may be painted onto an existing feature like a bridge, gateway monuments are considered to be discretionary fixed objects; they're neither integrated with nor placed upon any required engineered transportation feature like a bridge, but rather stand alone. According to Caltrans' documentation, the monuments are proposed, planned, designed, funded, constructed, maintained, and removed or restored by the local public agency representing the area to which it belongs.

3) *Requirements*. Caltrans details the requirements for gateway monuments in their Project Development Procedures Manual, stating that they retain "sole discretion" for all design elements of gateway monuments. Among a list of detailed requirements, Caltrans states that the monuments must not create a distraction, must not include moving elements, and must not display symbols or icons such as flags, logos, or commercial symbols. Caltrans also requires that monuments be placed as far as practical from the roadway while still being visible. They limit each city or community to one community identification or gateway monument along the highway in each direction. Caltrans also requires the city to have considered alternatives, such as placing the monument away from the highway or using a community identification sign on an existing or proposed highway feature instead.

4) *Brown vs. Caltrans: flags on overpasses*. In March, 2003, the United States 9th Circuit Court of Appeals unanimously affirmed a preliminary injunction against Caltrans regarding the posting of flags or banners on overpasses. The injunction required them to apply the same permit requirements to the American flag as it would to other flags or banners on overpasses. The court case was prompted after the September 11th terrorist attacks. People began hanging American flags on overpasses and, in response, banners questioning the war in Afghanistan. Caltrans was sued because the banners were removed from the overpass by local police or California Highway Patrol, while the American flags were allowed to remain. The court rulings determined that the flags and banners had to be treated equally, considering them both as acts of expression on nonpublic property, potentially distracting, presenting similar

safety risks during installation or removal as objects may be dropped on the highway. The author claims that Caltrans' response to this court decision resulted in an overcorrection, where Caltrans disallowed flags along any state right-of-way, including on gateway monuments.

5) *Arguments in support*. A number of supporters, including a large number of veterans groups, write in support of this bill. The American Legion Post 534 in Old Town Orcutt states their strong, emotional connection with the American flag and cites their difficulties trying to include an American flag in the gateway monument for the city of Orcutt, California.

Assembly Votes:

Floor:	**77-0**
Appr.:	**16-0**
Judiciary:	**11-0**

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

American G.I. Forum of California
American Legion-Department of California
American Legion Post 534 (Orcutt, CA)
AMVETS-Department of California
California Association of County Veterans Service Officers
California Council of Chapters
California State Commanders Veterans Council
City of Santa Maria
Military Officers Association of America
Two Private Individuals
Vietnam Veterans of America-California State Council

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 1094	**Hearing Date:**	6/27/2017
Author:	Choi		
Version:	2/17/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Mikel Shybut		

SUBJECT: Vehicles: automated traffic enforcement systems.

DIGEST: This bill reduces the base violation fines for running a red light at a highway on-ramp.

ANALYSIS:

Existing law:

1) Prohibits entering or traveling in any intersection or lane over which a steady red signal is shown, punishing violations as an infraction with a fine of $100.

2) Requires drivers to stop at any sign, crosswalk, or limit line when the traffic control signal is placed somewhere other than at an intersection, or at the signal itself in the absence of a sign or marking.

This bill specifies that violations for disobeying red lights at highway on-ramps are considered to be places other than an intersection and therefore subject to the base fine of $35 for general infractions rather than the $100 base fine for an intersection violation.

COMMENTS:

1) *Purpose.* According to the author, "AB 1094 would make clear in the law that failing to stop at a red light on a freeway onramp is punished appropriately as a failure to stop at a place other than an intersection (Vehicle Code §21455), rather than the far more dangerous and serious offense of failing to stop at a red light at an intersection (Vehicle Code §21453). Freeway onramp signals serve the function of improving freeway traffic flow by regulating the timing of vehicles entering a freeway where traffic all flows in the same direction and a signal violation is unlikely to lead to an accident. By comparison, a traffic signal at an intersection is there to prevent serious injury or death by controlling

cross-traffic. The California Highway Patrol recognizes this distinction and charges its officers to issue citations accordingly, as do most localities. But there have been numerous enough occasions of freeway onramp violations being mischarged as failure to stop at an intersection that clarification of the statute is essential."

2) *From base fine to bigger fine.* Because of the numerous penalties, surcharges, and fees associated with a conviction, many of which depend on the amount of the base fine, the actual cost of a ticket is far larger than the base fine. By reducing the base fine from $100 to $35, a $65 difference, the total cost of the ticket is reduced from about $490 to around $238, a reduction of around $252.

3) *Role of ramp metering.* Traffic control signals installed at highway on-ramps are intended to control the flow of traffic onto the highway. According to the Federal Highway Administration (FHWA), they've been shown to reduce traffic density, increase overall traffic speed, reduce total travel time, decrease collisions, and reduce emissions. FHWA considers ramp metering one of the most cost-effective measures for managing highway traffic with a high benefit to cost ratio.

4) *Make the punishment fit the crime.* Earlier this year, this committee approved SB 493 (Hill), which lowered the penalty for running a red light when making a right turn, explicitly stating that the fine should be $35. SB 493 passed out of the Senate floor on consent and is currently in the Assembly Transportation Committee.

RELATED LEGISLATION:

SB 493 (Hill, 2017) — would reduce the right turn on red violation to a $35 base fine. This bill is currently pending in the Assembly Transportation Committee.

AB 1725 (Wagner, 2016) — this measure is very similar to this bill. This bill was held on Suspense in the Senate Appropriations Committee.

Assembly Votes:

Floor:	**77-0**
Appr.:	**16-0**
Trans.:	**14-0**

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

Conference of California Bar Associations (Sponsor)
AAA Northern California, Nevada & Utah
Automobile Club of Southern California
Safer Streets L.A.
Western States Trucking Association (WSTA)

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 1127	**Hearing Date:**	6/27/2017
Author:	Calderon		
Version:	4/26/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Randy Chinn		

SUBJECT: Baby diaper changing stations.

DIGEST: This bill requires state and local agencies, permanent food facilities, and specified public facilities, including theaters, restaurants and sports arenas, to install and maintain at least one baby diaper changing station if the building or facility is open to the public, as specified.

ANALYSIS:

Existing law:

1) Requires every public agency that conducts an establishment serving the public or open to the public, and maintains restroom facilities for the public, to make every toilet within the restrooms available without cost or charge to the patrons, guests, or invitees of the establishment. "Public agency" as used in this requirement means the state and any agency of the state and a city, a county, and a city and county.

2) Requires publicly and privately owned facilities where the public congregates to be equipped with sufficient restrooms to meet the needs of the public at peak hours.

3) Requires baby diaper changing stations in both women's and men's bathrooms in federal buildings.

This bill:

1) Requires specified state and local agencies to provide at least one safe, sanitary, and convenient baby diaper changing station on each floor that is publicly accessible that:

   a) is accessible to women entering a restroom provided for use by women

b) is accessible to men entering a restroom provided for use by men

c) At least one baby diaper changing station that is accessible to both men and women.

2) Requires movie theaters, grocery stores, health facilities, convention centers, sports arenas, auditoriums, cultural complexes, exhibition halls, libraries, passenger terminals, permanent amusement park structures, tourist attractions, retail stores larger than 5000 square feet, restaurants with at least 50 seats, and shopping centers of more than 25,000 square feet to have at least one baby diaper changing station accessible to both men and women.

3) Specifies that this requirement applies to all new construction and, except as otherwise provided, to all renovations of bathrooms where the estimated cost of the new construction or renovation is $10,000 or more.

4) Specifies that this requirement does not apply to a renovation if a local building permitting entity or building inspector determines that the installation of a baby diaper changing station is not feasible or would result in a failure to comply with applicable building standards governing the right of access for persons with disabilities.

5) Exempts industrial facilities, nightclubs, and bars from its requirements.

6) Specifies the following for permanent food facilities:

   a) If a permanent food facility that is required to install and maintain at least one baby diaper changing station under this bill, the facility must provide one or more clean baby diaper changing stations in good repair for consumers, guests, or invitees.

   b) Requires the penalty for a food facility's first violation of the clean and good repair requirement is a warning. The penalty for each subsequent violation constitutes an infraction punishable by a fine of not more than $250.

COMMENTS:

1) *Purpose.* The author introduced this bill to ensure that both moms and dads have a safe, sanitary place to change their baby.

2) *Congress Did It.* In 2016 Congress passed and President Obama signed the BABIES Act, which requires changing stations in both women's and men's bathrooms in federal buildings. The Committee has been unable to find any similar requirements in any other states.

3) *Benefits and Costs.* There's no data to quantify the benefits of installing baby changing stations in bathrooms accessible to moms and dads, though most parents can imagine a time when a publicly available changing station would have been a valuable convenience. However, the costs of this requirement are more knowable. According to the Assembly Appropriations Committee analysis, for two new planned state buildings in Sacramento, this bill would increase building costs by $345,600 to $460,400. For new state office buildings, the Department of General Services estimates the bill will increase costs by approximately $5,800 to $7,680 per restroom for the additional 12 to 16 sq. ft. needed. Similar cost increases can be expected for non-governmental buildings, which are also covered under this bill. As written the bill could be read to require a diaper changing station on every floor to which the public has access. *The author will accept amendments* clarifying the requirement in public buildings is for the changing stations to be available on one publicly accessible floor.

4) *Squeezed Out.* Recent changes in the building standards prohibit a changing station in a bathroom stall. Consequently, this bill will require changing stations to be located in a common area of the bathroom. In some smaller bathrooms there may not be sufficient space to install a changing station without significant reconstruction costs, which may trigger an infeasibility exemption from the baby changing station installation requirement in renovated bathrooms.

5) *This Time it's Different?* In 2014 similar legislation was vetoed. That legislation, which required that if a baby changing station was installed in a place of public accommodation it must be available without regard to gender, was less prescriptive and more expensive than this bill. It's not clear if the Governor's views have, um, changed.

6) *Not Standard.* Typically changes to buildings are included in the building code, rather than in statute, to allow for some flexibility and standardization. However, the Building Standards Commission regards baby changing tables as a building accessory, for which a standard is not necessary.

7) *Clarifying Amendment.* Section 3 of the bill requires permanent food facilities to provide changing stations. This requirement seems duplicative of the requirement for restaurants contained in Section 4 of the bill. *The author has agreed* to delete Section 3 of the bill to removing the duplication.

RELATED LEGISLATION:

AB 622 (Bonilla, Chapter 742, Statutes of 2015) — required the installation by specified facilities of changing stations for use by adults with a disability.

SB 1350 (Lara, 2014) — would have directed the CBSC, as part of the next triennial update of the California Building Standards Code adopted after January 1, 2015, to require that, if a baby changing station is installed in a new or newly renovated restroom in a place of public accommodation, the station be equally available regardless of gender. *This bill was vetoed. In the veto message, the Governor indicated that the bill was unnecessary and could be adequately handled by the private sector.*

SB 1358 (Wolk and Lara, 2014) —is nearly identical to AB 1127. *This bill was vetoed. In the veto message, the Governor indicated that the bill was unnecessary and could be adequately handled by the private sector.*

Assembly Votes:
Floor: 70-6
Appropriations: 14-3
Business and Professions: 15-0

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

Consumer Federation of California

OPPOSITION:

League of California Cities

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 1274	**Hearing Date:**	6/27/2017
Author:	O'Donnell		
Version:	5/30/2017 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Erin Riches		

SUBJECT: Smog check: exemption.

DIGEST: This bill expands the smog check exemption to vehicles eight model years old or newer, increases the smog abatement fee for vehicles that are seven or eight model years old, and directs the increased fees to the Carl Moyer Memorial Air Quality Standards Attainment (Carl Moyer) Program.

ANALYSIS:

Existing law:

1) Establishes the Motor Vehicle Inspection Program, commonly known as the smog check program, to help meet federal air quality standards. The Department of Consumer Affairs administers this program through the Bureau of Automotive Repair (BAR). The smog check program generally requires vehicle owners to have their vehicles tested every two years, with some exceptions including gas-powered vehicles manufactured prior to 1976, alternatively fueled vehicles, and vehicles six model years old or newer.

2) Establishes the Enhanced Fleet Modernization Program (EFMP), administered by the state Air Resources Board (ARB) and BAR. EFMP provides for the voluntary retirement of passenger vehicles and light- and medium-duty trucks that are high polluters. EFMP offers a voucher to owners to retire a high-polluting vehicle.

3) Establishes the Carl Moyer Program under ARB. This program provides grants through the state's 35 local air quality management and air pollution control districts for deployment of engines, equipment, and emission reduction technologies that are cleaner than required by current laws or regulations. The Carl Moyer Program provides approximately $60 million for projects each year throughout the state.

4) Establishes the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP), administered by the California Energy Commission. This program provides about $100 million per year for development and deployment of alternative and renewable fuels and advanced transportation technologies to help attain the state's climate change goals.

5) Establishes an annual smog abatement fee of $20 for vehicles six model years or newer that are exempt from smog check. Directs these revenues as follows:
   a) $6 to the Air Pollution Control Fund for the Carl Moyer Program;
   b) $4 to the High Polluter Repair or Removal Account within the Vehicle Inspection and Repair Fund (VIRF), which funds EFMP.
   c) $2 to the VIRF for, among other things, the Clean Vehicle Rebate Program;
   d) $4 to the Air Quality Improvement Fund, which funds a number of incentive programs to reduce mobile source emissions.
   e) $4 to the ARFVTP.

This bill:

1) Expands the existing smog check exemption to vehicles that are up to eight model years old.

2) Maintains the existing $20 smog abatement fee for vehicles that are up to six model years old, as well as the existing allocation of revenues from this fee.

3) Imposes a new $24 smog abatement fee for vehicles that are seven or eight model years old. Allocates revenues from this new fee as follows:
   a) $21 to the Air Pollution Control Fund for the Carl Moyer Program;
   b) $3 to the VIRF to offset the reduction in (smog check) revenues caused by the exemption for vehicles which are seven or eight model years old.

COMMENTS:

1) *Purpose*. The author states that the majority of new vehicles equipped with newer and cleaner technologies pass their first smog check after six years. In order to attain more effective particulate matter (PM) and oxides of nitrogen (NOx) emissions reductions, this bill delays the smog check requirement by an additional two years and instead collects the cost of a smog check as an abatement fee. This will provide additional funds to the Carl Moyer Program, allowing for real and surplus emissions reduction from heavy-duty vehicles. The increased funds will not only assist the state in meeting federal air quality

standards by further reducing pollution, but will improve the health of disadvantaged communities throughout the state.

2) *Impact on emissions*. According to ARB, 75% of vehicular air polluting is caused by just 25% of the fleet. Currently, cars up to six model years old are exempt from the smog check requirement because newer vehicles are much cleaner and much less likely to fail a smog test. Bureau of Automotive Repair data indicate that the failure rate of vehicles at the first smog check after six years ranges from 3% to 5%. The author states that given this low failure rate, the money spent to inspect these vehicles could be used more cost effectively to achieve emissions reductions in other programs, such as the highly successful Carl Moyer Program. The South Coast Air Quality Management District, sponsor of this bill, states that based on its evaluation of its Carl Moyer Program, the increased funding for the program generated by this bill could result in approximately four times greater net NOx emissions reduction benefits for residents in the South Coast region.

3) *Why higher smog abatement fee for seven- and eight-year-old cars?* Although this bill maintains the $20 smog abatement fee for vehicles up to six years old, it increases the fee to $24 for seven- and eight-year-old vehicles. Writing in opposition, the Howard Jarvis Taxpayers Association states that although it supports providing increased funds to the Carl Moyer Program, the fee for seven- and eight-year-old vehicles should also be $20. The author responds that although this bill may appear to be a fee increase, the effect will be revenue neutral to the consumer because the average cost of a biennial smog check is $48. Instead of paying that amount for a biennial smog check, these customers will now pay the same amount for two years in smog abatement fees, minus the added fee for a smog check certificate and without the inconvenience of having to get a smog check. According to the Assembly Appropriations Committee, this bill would result in a revenue increase of about $67 million annually due to the higher fee for seven- and eight-year-old vehicles.

4) *Opposition concerns*. A coalition of automotive service industry representatives raise the following concerns:
   a) Extending the smog check exemption would move the smog check requirement beyond the warranty coverage period for many vehicles, meaning that any smog-related repairs would have to be paid for by the customer.
   b) Expanding the smog check exemption potentially means more vehicles on the road with emissions levels above federal and state standards.

c) Removing these vehicles from the testing pool would likely result in the need for fewer smog check technicians, producing a net job loss and increasing unemployment in the state.
d) Smog check service centers may opt out of the program, resulting in possible inconvenience to customers due to fewer available service centers.

The author responds that although he is sympathetic to their concerns, these opponents have failed to provide any data to support their arguments.

5) *Double referred*. This bill has also been referred to the Environmental Quality Committee.

RELATED LEGISLATION:

AB 1317 (Gray, 2017) — would make well pumps eligible for funding under the Carl Moyer Program. *This bill will also be heard in this committee today.*

SB 513 (Beall, Chapter 610, Statutes of 2015) — made a number of changes to update the Carl Moyer Program to account for new types of clean technologies that did not exist when the original program regulations were written, based on recommendations of a working group.

AB 8 (Perea, Chapter 401, Statutes of 2013) — extended various temporary, vehicle-related, state and local fees and surcharges to fund vehicle-related air quality, greenhouse gas and related programs, including an increase in the smog abatement fee from $12 to $20.

SB 1107 (Committee on Budget and Fiscal Review, Chapter 230, Statutes of 2004) — expanded the smog check exemption from vehicles up to four years old, to vehicles up to six years old, and increased the annual smog abatement fee from $6 to $12.

AB 923 (Villaraigosa, Chapter 923, Statutes of 1999) — established the Carl Moyer Program, through which ARB provides grants to offset the incremental costs of purchasing or retrofitting engines in order to reduce specified emissions.

Assembly Votes:

Floor:	**55-15**
Appr:	**12-5**
Trans:	**11-2**

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 22, 2017.)

SUPPORT:

South Coast Air Quality Management District (sponsor)
Almond Alliance of California
Association of California Egg Farmers
California Air Pollution Control Officers Association
California Association of Wheat Growers
California Bean Shippers Association
California Cotton Ginners and Growers Association
California Council for Environmental and Economic Balance
California Farm Bureau Federation
California Grain and Feed Association
California Pear Growers Association
California Seed Association
California State Floral Association
California Warehouse Association
CALSTART
City of Duarte
City of South Pasadena
Family Business Association of California
Los Angeles County Business Federation
Los Angeles County Division of the League of California Cities
Nisei Farmers League
Orange County Business Council
Pacific Egg and Poultry Association
Sacramento Metropolitan Air Quality Management District
San Gabriel Valley Council of Governments
San Gabriel Valley Economic Partnership
San Joaquin Valley Air Pollution Control District
South Bay Cities Council of Governments
Specialty Equipment Marketing Association
Valley Industry and Commerce Association
Western Agricultural Processors Association

OPPOSITION:

Automotive Service Councils of California
California Autobody Association
California Automotive Business Coalition
California Automotive Wholesalers Association
California Emissions Testing Industries
Howard Jarvis Taxpayers Association
Independent Automotive Professionals

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 1282	**Hearing Date:**	6/27/2017
Author:	Mullin		
Version:	4/4/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Manny Leon		

SUBJECT: Transportation Permitting Taskforce.

DIGEST: This bill establishes a Transportation Permitting Taskforce and requires the taskforce to provide a report to the Legislature, as specified.

ANALYSIS:

Existing law:

1) Provides that the State Department of Transportation (Caltrans) has full possession and control of the state highway system.

2) Relative to the state highway system, provides that Caltrans has control of all property and rights in property acquired for state highway purposes

3) Provides that Caltrans is authorized and directed to lay out and construct all state highways between the termini designated by law and on the locations as determined by the California Transportation Commission (CTC).

4) Requires Caltrans to make improvements and maintain the state highway system.

This bill:

1) Directs the California State Transportation Agency (CalSTA) Secretary, by April 1, 2018, to create a task force with the specific purpose of developing a process for early engagement of all parties in developing transportation project to improve timeliness and reliability of environmental permit approvals.

2) Prescribes the membership of the task force to include representatives of the following agencies:

a) Transportation Agency;

b) Natural Resources Agency;

c) Environmental Protection Agency;

d) Californian Transportation Commission;

e) Caltrans;

f) California Department of Fish and Wildlife;

g) California Department of Water Resources; and,

h) California Coastal Commission.

3) Directs the Secretary of CalSTA to prepare and submit a report of the task force's findings to the appropriate legislative policy and fiscal committees by December 1, 2018.

4) Sets forth specific requirements to be included in the report, including:

a) A description of the existing permitting process for transportation projects, including a discussion of where in the process delays are most likely to occur;

b) An identification of existing personnel positions that are supported by Caltrans and resourced to various state agencies and their costs, as well as a discussion of the benefits these resources bring to transportation programs;

c) Recommendations for improving the permitting process through early engagement in project development;

d) An identification of the resource levels needed at resource agencies to implement the improved process, as proposed; and,

e) An identification of legislative and/or regulatory hurdles that would need to be addressed to implement the improved process, as proposed.

COMMENTS:

1) *Purpose.* According to the author, "AB 1282 would create a task force to promote the early engagement of State permitting agencies, and a commitment to reasonable deadlines for permit approvals, in order to improve the

predictability and management of the project development process, and in turn, reduce the cost of delivering critical infrastructure."

2) *Project delivery.* Under the existing process, transportation projects can take many years from inception to completion. Throughout the various phases, transportation agencies and departments must maneuver through a multi-stage development and review process that encompasses environmental impact review and mitigation, design and engineering, right-of-way acquisition, financing, construction and other related requirements, including obtaining all the necessary environmental permits and approvals from responsible agencies. Obtaining all the relative permits and approvals in a timely manner is imperative in order to keep the project moving forward through all the project delivery phases. However, many times project permits and approvals may get stalled or delayed due to inconsistencies in department procedures and/or review timelines. These inconsistencies may cause project delays anywhere between one to six months.

3) *CTC recommendations.* This bill was introduced, in part, in response to a legislative recommendation made by the CTC in its 2016 annual report. Specifically, that report recommended that the Legislature create a task force comprised of state environmental permitting agencies and transportation entities to establish a process for early engagement of all parties in project development to reduce permit processing time, establish reasonable deadlines for permit approvals, and provide greater certainty of permit approval requirements. This bill would establish the task force recommended by CTC and could potentially result in accelerating delivery of transportation projects.

4) *Caltrans efficiencies.* Recently passed by the Legislature and signed by the Governor, SB 1 (Chapter 5, Statutes 2017) requires Caltrans to implement efficiency measures that generate at $100 million annually that would be ultimately used for highway maintenance and rehabilitation. The provisions specified in SB 1282 could potentially generate efficiency savings that could be applied towards achieving the performance target established under SB 1.

Assembly votes:

Floor:	**76-0**
Approps:	**17-0**
Trans:	**13-0**

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

California Transportation Commission

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 1317	**Hearing Date:**	6/27/2017
Author:	Gray		
Version:	4/17/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Erin Riches		

SUBJECT: Carl Moyer Memorial Air Quality Standards Attainment Program.

DIGEST: This bill makes well pumps eligible for funding under the Carl Moyer Memorial Air Quality Standards Attainment (Carl Moyer) Program.

ANALYSIS:

Existing law establishes the Carl Moyer Program under the state Air Resources Board (ARB). This program provides grants through the state's 35 local air quality management and air pollution control districts (air districts) for deployment of engines, equipment, and emission-reduction technologies that are cleaner than required by current laws or regulations. The Carl Moyer Program provides approximately $60 million for projects each year throughout the state.

When the Carl Moyer Program was initially established (AB 1571, Villaraigosa, Chapter 923 of 1999), it was funded by General Fund appropriations. Subsequent legislation expanding the program to additional pollutants and engines (AB 923, Firebaugh, Chapter 707 of 2004) established permanent funding through a 75-cent tire fee and by authorizing air districts to levy a $2 surcharge on vehicle registrations in their jurisdictions. The program also receives a portion of the smog abatement fee ($6) included in the annual registration of newer vehicles. ARB disburses these funds to air districts, who implement the programs in their local jurisdictions.

The Carl Moyer Program requires a project to meet a cost-effectiveness test in order to be eligible for funding. The air district reviewing the application calculates the project's cost-effectiveness by dividing the annualized cost of the potential project (dollars per year) by the annual weighted surplus emission reductions the project will achieve (tons per year). A project must obtain early or additional emission reductions beyond those required by existing federal or state laws or regulations. The program funds projects that reduce covered emissions from covered sources. "Covered emissions" include oxides of nitrogen (NOx),

particulate matter (PM), and reactive organic gases from any covered source. "Covered sources" include cleaner on-road trucks, school and transit buses, off-road equipment, marine vessels, locomotives, agricultural equipment, light-duty vehicle scrap, and lawn mowers.

This bill adds stationary irrigation or water conveyance engines (e.g., well pumps) to the "covered sources" that are eligible for Carl Moyer Program funding.

COMMENTS:

1) *Purpose*. The author states that the Carl Moyer Program has been an extremely successful tool for incentivizing landowners, vehicle and equipment operators, infrastructure investors, and others to adopt cleaner than required emission technologies. A significant source of emissions, however, is currently ineligible for Carl Moyer Program funding because it does not fit into either the "agriculture" or the "off-road mobile emissions" category: water conveyance equipment on land used primarily for wildlife habitat. This omission makes it more difficult for landowners to replace or upgrade highly polluting technologies, with negative consequences for air quality, and creates a disincentive to manage land for habitat in the high habitat-value area of the Pacific Flyway.

2) *Background*. The Grasslands Water District (GWD), sponsor of this bill, conveys water exclusively for habitat and wildlife purposes to the Grassland Ecological Area (GEA). The GEA encompasses nearly 200,000 acres of wetland and upland ecosystem habitat between Highways 5 and 99 in southwest Merced County. The wetlands in the GEA are designated as critically important habitat area by two international treaties and numerous wildlife organizations. Two-thirds of the GEA is privately owned and maintained almost exclusively as managed wetlands at 250 duck clubs with over 2,500 landowners. The remaining area is managed by the state Department of Fish and Wildlife and the US Fish and Wildlife Service. Most of the private lands have entered into conservation easement agreements with either or both the federal or state agencies to permanently protect the area as habitat.

   GWD states that past applications for grant funding from the Carl Moyer Program have been denied as ineligible. Although stationary agricultural equipment is eligible for program funding, similar equipment that is not located on agricultural land is not. GWD states that "our landowners are using the same technologies as neighboring agricultural partners…the only difference is what side of a fence the emission source is located on."

3) *Carl Moyer Program was recently overhauled.* AB 8 of 2013, which extended the fees that fund the Moyer Program, also required ARB and local air districts to convene a working group to evaluate the program. ARB and the air districts convened two public meetings in 2014 and then worked collaboratively to draft statutory language to implement the program improvements identified by the workgroup. Those efforts culminated in SB 513 (Beall) of 2015. SB 513 included changes such as adjusting the cost-effectiveness calculation, revising provisions relating to leveraging of other funding sources, and expanding program eligibility to include repowering of school buses and alternative fuel and electric infrastructure projects. The committee is not aware that well pumps arose as a topic of discussion in either the public workgroup process or during legislative deliberations on SB 513.

4) *Expanding an already oversubscribed program.* ARB indicates that the Carl Moyer Program is oversubscribed, calling into question whether it is appropriate to expand program eligibility at this time. The Bay Area air district, for example, indicates that its 2016-17 funds were oversubscribed by more than $3 million, and that its program ran out of funds in March of this year. The sponsor notes that the San Joaquin air district portion is not oversubscribed, however, and in fact supports this bill. Although this bill originally applied very narrowly to an area of Merced County, the author accepted amendments in the Assembly Transportation Committee to expand eligibility statewide.

5) *Program impact.* According to the sponsor, roughly a dozen non-agricultural wellhead projects have been submitted to the Moyer Program in the past five years. Project costs vary depending on the type of project, i.e., converting to clean diesel or upgrading to electric. The sponsor anticipates that this bill would make several hundred additional projects eligible for Moyer funding. The sponsor believes that the majority of these projects would fall within the San Joaquin air district's jurisdiction. The author notes that making these projects eligible does not necessarily mean that every landowner with an eligible project would apply. The author also notes that this bill does not require air districts to fund well pump projects, but simply makes these projects eligible for funding.

6) *Double-referred*. This bill has also been referred to the Environmental Quality Committee.

RELATED LEGISLATION:

AB 1274 (O'Donnell, 2017) — expands the current smog check exemption from cars up to six years old, to cars up to eight years old, assesses an additional fee on exempted cars, and directs the revenue to the Carl Moyer Program. *This bill will also be heard in this committee today.*

SB 513 (Beall, Chapter 610, Statutes of 2015) made a number of changes to update the Carl Moyer Program to account for new types of clean technologies that did not exist when the original program regulations were written, based on recommendations of a working group.

Assembly Votes:

Floor:	**77-0**
Appr:	**16-0**
Trans:	**13-0**

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

Audubon California
California Association of Resource Conservation Districts
California Waterfowl Association
Coalition for Clean Air
Defenders of Wildlife
Ducks Unlimited
Natural Resources Defense Council
San Joaquin Valley Air Pollution Control District

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 1444	**Hearing Date:**	6/27/17
Author:	Baker		
Version:	6/20/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Randy Chinn		

SUBJECT: Livermore Amador Valley Transit Authority: demonstration project

DIGEST: This bill authorizes the Livermore Amador Valley Transit Authority (LAVTA) to conduct a demonstration project for the testing of autonomous vehicles (AVs) without a driver seated in the driver's seat under specified conditions.

ANALYSIS:

Existing law:

1) Authorizes an AV to operate on public roads for testing purposes by a driver who possesses the proper class of license for the type of vehicle being operated if specified requirements are met.

2) Prohibits an AV from operating on public roads until the manufacturer submits an application to the Department of Motor Vehicles (DMV), and that application is approved by DMV pursuant to the specified regulations adopted by the DMV.

3) Authorizes DMV, for an application seeking approval for AVs capable of operating without the presence of a driver inside the vehicle, to impose additional requirements it deems necessary to ensure the safe operation of those vehicles.

4) Authorizes the Contra Costa Transportation Authority (CCTA) to conduct a pilot project for the testing of AVs that do not have a driver seated in the driver's seat and are not equipped with a steering wheel, a brake pedal, or an accelerator under specified conditions.

5) Requires DMV, as soon as practicable, but no later than January 1, 2015, to adopt regulations setting forth requirements for the specified submission of

evidence of insurance, surety bond, or self-insurance, and the submission and approval of an application to operate an specified AV.

This bill:

1) Authorizes the Livermore Amador Valley Transit Authority (LAVTA) to conduct a demonstration project for the testing of autonomous vehicles (AVs) without a driver seated in the driver's seat and that are not equipped with a steering wheel, a brake pedal or an accelerator, provided that the testing shall be conducted only within the City of Dublin, and the AV shall operate at speeds of less than 35 miles per hour.

2) Requires that, prior to the start of the demonstration project, the LAVTA or a private entity, or both, shall obtain $5 million of insurance or proof of self-insurance, and submit a detailed description of the testing program to the DMV which shall include:

    a) evidence that the local authorities with jurisdiction over the public roads in the designated area approve of the demonstration project
    b) certification that the demonstration project complies with the relevant guidance from the National Highway Traffic Safety Administration
    c) certification that the AVs used comply with all applicable federal Motor Vehicle Safety Standards, as specified
    d) certification that the AV is equipped with a communication link between the vehicle and a remote operator to provide information on the vehicle status and to allow two-way communication between the remote operator and any passengers
    e) a copy of a law enforcement interaction plan

3) Requires the AV operator to disclose to participating individuals the personal information, if any that is being collected by the AV.

4) Provides that the demonstration project shall not be conducted if the DMV has adopted final AV regulations by December 31, 2017.

5) Becomes inoperative on May 1, 2018 and, as of January 1, 2019, is repealed.

COMMENTS:

1) *Purpose.* The author introduced this bill because she believes that the State must support the growth of AV testing programs. Otherwise, California will be at risk of losing innovation opportunities to other states and countries.

2) *Who?* LAVTA was established in 1985 under a Joint Powers Agreement to provide public transit in the cities of Dublin, Livermore, Pleasanton, and in unincorporated areas of Alameda County. It has a seven member board comprised of elected officials, two each from the governing body of the three member cities and one county supervisor. LAVTA provides fixed route bus service throughout its territory connecting with BART, the ACE train, and the Central Contra County Transportation Authority. It is one of the first California transit agencies to experiment with using Transportation Network Companies and taxis to supplement its services.

3) *Similar Prior Legislation.* In 2016 Assemblymember Bonilla carried similar legislation (AB 1592), which was chaptered, authorizing driverless AV testing in two specific areas in Contra Costa County. In that case the trial had little overlap with public streets. Most of the AV activity was on grounds closed to the public or on private property, with the consent of the property owner. This bill is potentially much more expansive than the Bonilla legislation in that it potentially encompasses the entire city of Dublin, which is about 15 square miles with a population of close to 60,000 located in Alameda County. Unlike the Bonilla legislation, this bill does not have the support of local law enforcement, though the bill does require support from the affected local jurisdiction before the pilot program can begin, as well as other requirements to ensure the safety of the vehicles and the public.

4) *Just Around the Corner.* The DMV has missed its statutory deadline for issuing AV regulations, but progress is being made and the pace has picked up. Draft regulations were issued in December 2015, revised draft regulations were issued in September 2016, proposed regulations were issued in March 2017, and public comment on those regulations was received through April. Final regulations will likely be issued later this year for final review by the Office of Administrative Law. Because the DMV will likely complete its regulations before the end of this year, the self-limiting clause in this bill will take likely take effect, making this bill inapplicable.

5) *Which Future?* That AVs are in our future seems inevitable. But whether that future is a Jetson's fantasy of effortless, clean mobility or a dystopian nightmare of clogged streets and widespread un- and under-employment is less clear. AVs can potentially transform/disrupt the transportation sector, but much more thought needs to go into understanding how that technology effects congestion, greenhouse gas emissions, employment, and land use.

RELATED LEGISLATION:

AB 623 (Rodriguez, 2017) — requires the operator of an AV to follow existing motor vehicle accident reporting requirements, and requires CHP or any other peace officer to specify an AV was involved in the traffic collision in any manner. *This bill is pending in the Senate Transportation and Housing Committee.*

AB 1160 (Bonta, 2017) — expands the definition of AV to also include any vehicle equipped with technology that makes it capable of operation that meets the definitions of Levels 3, 4, or 5 of the Society of Automotive Engineers' "Taxonomy and Definitions for Terms Related to On-Road Motor Vehicle Automated Driving Systems, Standard J3016." *This bill is pending in the Senate Transportation and Housing Committee.*

AB 1592 (Bonilla, 2016) — authorizes Contra Costa Transportation Authority to conduct a pilot project for the testing of AVs under specific conditions. *This bill was chaptered by the Secretary of State, Chapter 814, Statutes of 2016.*

AB 1298 (Padilla, 2012) — establishes conditions for the operation of AVs upon public roadways. *This bill was chaptered by the Secretary of State, Chapter 570, Statutes of 2012.*

Assembly Votes:
Floor: 54-13
Appropriations: 12-1
Communications and Conveyance: 10-0
Transportation: 9-1

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

Livermore Amador Valley Transit Authority (sponsor)
Alameda County Transportation Commission
Bay Area Rapid Transit District
League of California Cities
Metropolitan Transportation Commission

OPPOSITION:

California Conference Board of the Amalgamated Transit Union
California Conference of Machinists
California Teamsters Public Affairs Council

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 1613	**Hearing Date:**	6/27/2017
Author:	Mullin		
Version:	6/14/2017 Amended		
Urgency:	No	**Fiscal:**	No
Consultant:	Manny Leon		

SUBJECT: San Mateo County Transit District: retail transactions and use tax.

DIGEST: This bill authorizes the San Mateo County Transit District (Samtrans) to impose a countywide sales tax if certain conditions are met.

ANALYSIS:

Existing law:

1) Prohibits, in any county, the combined rate of all Transactions and Use Taxes (TUTs) imposed in accordance with Transactions and Use Tax Law from exceeding 2%.

2) Authorizes San Mateo County, until January 1, 2026, and in accordance with the requirements of the Bay Area County Traffic and Transportation Fund Act, to impose a TUT for countywide transportation purposes at 0.5% that exceeds the 2% limit established in existing law, subject to voter approval.

3) Authorizes the Board of the SamTrans to impose a TUT, subject to voter approval.

4) Requires, pursuant to Article XIII C of the California Constitution, that no local government may impose, extend, or increase any special tax, unless and until that tax is submitted to the electorate and approved by a two-thirds vote.

This bill:

1) Authorizes SamTrans to impose a retail TUT, subject to voter approval, that would, in combination with all other TUTs in San Mateo County, exceed the 2% limit on TUTs established in existing law, if the following requirements are met:

a) The tax is set at a rate of no more than 0.5%;

b) The SamTrans Board of Directors (Board) adopts the ordinance approving the tax before January 1, 2021;

c) Requires SamTrans to develop an expenditure plan for projects to be funded by the 0.5% TUT, as specified.

d) The TUT conforms to the Transactions and Use Tax law, as specified.

2) Prohibits the Board from utilizing the authority in 1) above, if San Mateo County uses their existing authority to impose a TUT that exceeds the 2% countywide limit in current law by 0.5% for transportation programs.

3) Prohibits San Mateo County from utilizing their existing authority to impose a TUT for transportation programs that exceeds the 2% countywide limit on TUTs, if SamTrans uses the authority in 1), above.

4) Clarifies that the ordinance adopted by the Board proposing a TUT must be consistent with California Constitution Article XIII C.

COMMENTS:

1) *Purpose.* According to the author, "This bill would give a transportation agency in the County of San Mateo the option to place a sales tax measure before the voters during an upcoming election that could provide additional revenues for the county's transportation priorities. San Mateo County is currently subject to the 2 percent cap and successfully sought legislation to exceed it in 2015. This bill would not increase the taxing authority beyond what was enacted in 2015, but rather provide another option for the county in determining the agency responsible for drafting and implementing the expenditure plan for a future transportation sales tax. The District, because of its role in administering the county's prior sales tax measure (Measure A), but also because of the multi-modal nature of the agencies it administers, is well-qualified to manage a future measure."

2) *TUT.* TUTs are taxes that are applied to the retail sales of tangible personal property, such as when clothing or other goods are purchased in a store, as well as to the use or storage of such property when sales tax is not paid. If these taxes are to be used for unrestricted, general purposes, they must be approved by the voters by a majority vote. Special taxes, which are restricted for a specified use, such as transportation projects, must be approved by a two-thirds vote.

Under current law, cities, counties, and specified special districts and transportation authorities may not impose transactions and use taxes that, when combined with other taxes, exceed a total of 2%. However, the Legislature has provided multiple exemptions to cities, counties, special districts, and county transportation authorities to exceed the 2% cap. For example, AB 2321, Chapter 302, Statutes of 2008, authorized the Los Angeles Metropolitan Transportation Authority (MTA) to impose, subject to voter approval, a 0.5% sales tax for 30 years. Additionally, AB 1086, Chapter 327, Statutes of 2011, authorized a one-time exemption for Alameda County from the 2% cap.

3) *San Mateo County TUT rates.* Currently, San Mateo County has three countywide TUTs at a total of 1.5%. However, because the cap takes both countywide and citywide taxes into account, even if a county has not reached the 2% cap, an additional city tax could mean that the cap has been reached. Because of this interaction between city-imposed and county-imposed TUTs, the concern that counties will run into the 2% cap still applies today.

   With three countywide taxes and several citywide TUTs, San Mateo County has reached the 2% limit. SB 705, Chapter 579, Statutes of 2015, authorized San Mateo County to exceed the 2% cap to impose a TUT for transportation purposes by 0.5%, subject to voter approval and in accordance with the requirements of the Bay Area County Traffic and Transportation Funding Act. The authority granted by SB 705 to exceed the 2% cap has not been utilized.

4) *SamTrans.* SamTrans is a special district that implements multimodal transportation services, such as bus, paratransit, and commuter rail and shuttle lines, throughout San Mateo County. SamTrans began operating the first bus lines in 1976. The district is funded through a variety of funding sources, including federal, state, and local taxes. SamTrans also manages the San Mateo County Transportation Authority's (SMCTA) funding of highway, bicycle, arterial, and other mobility programs in the county. SCMTA is an independent agency that was created in 1988 when San Mateo County voters approved a 20 year half-cent sales tax to fund transportation projects and programs in the County. This sales tax expired in 2008, and was extended until 2033.

   This bill does not propose an additional increase to the TUT cap in San Mateo County. Rather, this bill simply provides SamTrans with the authority to impose, upon voter approval, a 0.5% TUT for transportation purposes. While the SB 705 TUT cap will still apply, this bill provides the San Mateo region with the flexibility to determine how to administer the 0.5% TUT that best meets San Mateo's regional needs.

5) *Double referral.* This bill has been double referred to the Senate Governance and Finance Committee.

RELATED LEGISLATION:

SB 705 (Hill, Chapter 579, Statutes of 2015) — authorized San Mateo County to exceed the 2% cap to impose a TUT for transportation purposes by 0.5%, subject to voter approval and in accordance with the requirements of the Bay Area County Traffic and Transportation Funding Act.

AB 1086 (Wieckowski, Chapter 327, Statutes of 2011) — authorized a one-time exemption for Alameda County from the 2% cap.

AB 2321 (Feuer, Chapter 302, Statutes of 2008) — authorized the Los Angeles Metropolitan Transportation Authority (MTA) to impose, subject to voter approval, a 0.5% sales tax for 30 years.

Assembly votes:

Floor: 45-29
Local Gov: 6-3

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

San Mateo County Transit District (Sponsor)
Peninsula Corridor Joint Powers Board (Caltrain)
San Mateo County Transportation Authority
Silicon Valley Leadership Group

OPPOSITION:

CalTax
Howard Jarvis Taxpayers Association

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No:	AB 1633	**Hearing Date:**	6/27/17
Author:	Frazier		
Version:	3/21/2017		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Manny Leon		

SUBJECT: State highways: exit information signs.

DIGEST: This bill makes changes to California Department of Transportation's (Caltrans) Business Logo Sign Program.

ANALYSIS:

Existing law:

1) Provides that Caltrans has full possession and control of the state highway system.

2) Requires Caltrans to make improvements and maintain the state highway system.

3) Provides a number of requirements and procedures relative to the placement and maintenance of highway signage.

4) Directs Caltrans to adopt rules and regulations for its Business Logo Sign Program. The program allows the placement of signs near freeways identifying the presence of specific roadside businesses offering fuel, food, lodging, camping services, approved 24-hour pharmacy services, or specific approved attractions, under the following conditions:

   a) All business applicants must have equal access to the program; and,

   b) Caltrans is generally prohibited from placing business logo signs within urban areas designated by the United State Bureau of Census as having a population of 5,000 or more.

5) Prohibits the removal of business logo signs placed before January 1, 2003, due solely to population growth in an urban area that results in a population of 5,000 or more but less than 10,000.

6) Provides that only official traffic control devices that conform to the uniform standards and specifications promulgated by Caltrans may be placed on a street or highway. In promulgating the regulations, Caltrans is required to consult with local authorities and other specific entities.

This bill adds "electric vehicle charging facilities" to the list of services eligible for signage under Caltrans' Business Logo Sign Program.

COMMENTS:

1) *Purpose.* The author introduced this bill to facilitate the build out of electric vehicle charging infrastructure and to encourage the public's transition to electric vehicles.

2) *MUTCD.* In California, any device that guides, warns, or regulates motorists on a public street or highway must conform to standards promulgated by Caltrans and identified in the California Manual of Uniform Traffic Control Devices (California MUTCD). Development of the standards in the California MUTCD is guided by federal standards contained in the National MUTCD. Changes to the California MUTCD are subject to review and approval by the Federal Highway Administration (FHWA) and must be found by FHWA to be "in substantial compliance" with the National MUTCD.

   The California MUTCD sets forth a General Service Sign Program. General services signs are white-on-blue signs and are intended to guide motorists to services that are not readily apparent to the driver. A typical general service sign is square and display an icon, such a telephone receiver to indicate access to telephone services or a gas pump to indicate access to a gas station. General services signs do not indicate the specific name of the business offering the service identified. The California MUTCD authorizes general service signs to direct motorists to electric vehicle charging stations.

3) *Business Logo Sign Program.* Established in 1992, the business logo sign program is designed to direct motorist not familiar with the area to various services at or near rural freeway interchanges. Business logo signs only accommodate six logos per type of service (e.g., food, gas, lodging or camping), and Caltrans does not install more than one sign per type of service. To address situations in which there are more qualified applicants than available

logo spaces; Caltrans uses a specific priority system to rank applicants for the program. For example, for lodging and camping signs, Caltrans prioritizes businesses that are closest to the highway. For food and fuel signs, priority is based on a point system that values proximity to the highway and longer hours of operation. Unlike General Service Sign Program, the Business Logo Program does not include signage specific to electric vehicle charging facilities. This bill will provide the necessary authority for an electric vehicle charging facility to be placed on a business logo sign. The author introduced this bill to facilitate the build out of electric vehicle charging infrastructure and to encourage the public's transition to electric vehicles.

Assembly votes:

Floor:	**76-0**
Approps:	**17-0**
Trans:	**13-0**

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

Automobile Club of Southern California
California New Car Dealers Association

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
Senator Jim Beall, Chair
2017 - 2018 Regular

Bill No: AB 1714 **Hearing Date:** 6/27/2017
Author: Committee on Housing and Community Development
Version: 6/19/2017 Amended
Urgency: No **Fiscal:** Yes
Consultant: Alison Hughes

SUBJECT: Income taxes: credits: low-income housing: farmworker housing: building standards: housing and home finance.

DIGEST: This bill makes non-controversial changes to sections of law relating to housing.

ANALYSIS:

Existing law:

According to the Legislative Analyst's Office, the cost of producing a bill in 2001-2002 was $17,890. By combining multiple matters into one bill, the Legislature can make minor changes to law in the most cost-effective manner.

Proposals included in this housing omnibus bill must abide by the Senate Transportation and Housing Committee policy on omnibus committee bills, proposed this year by the Assembly Housing and Community Development Committee. The proponent of an item submits proposed language and provides background materials to the Committee for the item to be described to legislative staff and stakeholders. Committee staff provides a summary of the items and the proposed statutory changes to all majority and minority consultants in both the Senate and Assembly, as well as all known or presumed interested parties. If an item encounters any opposition and the proponent cannot work out a solution with the opposition, the item is omitted from or amended out of the bill. Proposals in the bill must reflect a consensus and be without opposition from legislative members, agencies, and other stakeholders.

This bill makes non-controversial changes to sections of law relating to housing. Specifically, the bill includes the following provisions. The proponent of each provision is noted in brackets.

This bill:

1) *California Building Standards (Sections 1-4).* This proposal contains minor/technical clean up changes. These technical changes will make the Health and Safety Code accurate and align with existing regulations and other statutes. The proposed changes to California Building Standards Law will do the following: (a) Replace an outdated reference to the California Integrated Waste Management Board with the Department of Resources Recycling and Recovery (CalRecycle); (b) Update references to obsolete model building codes and publishers; and (c) Correct a reference to the Administrative Procedure Act. [Department of General Services]

2) *Permissible occupancy assumptions for housing authority financed projects (Sections 5-6).* This proposal would expand the definition of occupancy assumptions when determining rent in Housing Authority financed projects. In order to streamline the ongoing operations of all bond financed projects, the California Debt Limit Allocation Committee (CDLAC) is proposing to expand the definitions that have been provided in the Health and Safety Code regarding occupancy assumptions that can be utilized when determining appropriate income and rent levels for Housing Authority bond financed projects. Currently, Housing Authorities are required to adjust rents differently than the federal IRS requirements for the tax credit program. This causes a circumstance where, in some instances, bond rents are less restrictive than federal tax credit standards and in some instances more restrictive. To help ensure incomes and rent calculations are handled similarly at the federal and state level, CDLAC proposes allowing Housing Authorities to align their standards with the federal government if they so desire. This proposal is consistent with legislation that was adopted for the California Housing Finance Agency (CalHFA) last year. This change neither makes more resources available nor increases the amount of projects funded; it simply eliminates one of the complicated financing rules that only Housing Authorities and former redevelopment projects must follow. [California Debt Limit Allocation Committee, State Treasurer's Office]

3) *Housing and Home Finance Law (Section 7).* This amendment would add the word "income" between "low" and "households" in the definition section of Housing and Home Finance law. [Assembly Committee on Housing and Community Development]

4) *Definition of "at-risk" in Tax Credit Projects (Sections 8-10).* Current state law (HSC 50199.14(c)(3)(C)) requires the Tax Credit Allocation Committee (TCAC) to give consideration in allocating credits to projects "at-risk of

conversion," as defined in the Revenue and Taxation Code to help preserve existing affordable housing that may convert to market rate housing within a short period of time. This definition is limited to projects that have received financial assistance in the past from specified federal programs. The problem is that there are projects that are also at risk but have financing from other sources not covered by the definition: namely the U.S. Department of Agriculture (USDA) and the California Department of Housing and Community Development (HCD). TCAC seeks to amend the definition of "at risk" of conversion that is contained in Revenue and Taxation Code Sections 12206(c)(3), 17058(c)(4), and 23610.5(c)(4) to include projects that have received financing from USDA and HCD.

As TCAC seeks to focus scarce 9% tax credits on new construction projects, there is a class of existing projects for which needed rehabilitation is only feasible with 9% credits. TCAC would like to use the at-risk set aside to help these projects but is stymied by the incomplete definition in state statute. Creating an opportunity for these projects to compete for 9% credits within the at-risk set aside will facilitate the preservation of deeply affordable existing housing while also allowing TCAC to advantage new construction projects more generally in the other set asides and regions. This change neither makes new credits available nor increases the amount of projects funded. Nor does it alter a project's eligibility for tax credits. Projects that do not currently qualify as "at-risk" may still compete within other set-asides or the geographic regions. This proposal simply helps move some rehabilitation projects into a different segment of the competition. The proposed amendments also make a technical correction. [Tax Credit Allocation Committee, State Treasurer's Office]

COMMENTS:

1) *Purpose.* The purpose of omnibus bills is to combine technical and non-controversial changes to various committee-related statutes into one bill. This allows the legislature to make multiple minor changes to statutes in one bill in a cost-effective manner. If there is no consensus on a particular item, it cannot be included. There is no known opposition to any item in this bill.

2) *Double-referral.* This bill was double-referred to the Senate Governance and Finance Committee.

Assembly Votes:
Floor: 75-0
Appr: 17-0
Rev&Tax: 8-0
H&CD: 7-0

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 21, 2017.)

SUPPORT:

None received.

OPPOSITION:

None received.

-- END --