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# SENATE COMMITTEE ON SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair  
2015 - 2016 Regular

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**Bill No:** AB 1609 **Hearing Date:** June 13, 2016  
**Author:** Committee on Budget  
**Version:** June 13, 2016 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Farra Bracht / Mark Ibele / Samantha Lui

**Subject:** General Government

**Summary:** This measure makes various statutory changes necessary to implement the state administration-related provisions of the Budget Act of 2016.

**Background:** As part of the 2015-16 budget package, Assembly Bill 1609 makes various statutory changes to implement the budget act.

**Proposed Law:** AB 1609 makes the following statutory changes to implement the 2016 -17 budget:

## Housing

1. Allows the California Housing Finance Agency to (1) replace the Director of Insurance position with a Director of Enterprise Risk Management and Compliance and (2) to require the annual audit of the California Housing Loan Insurance Fund to be based on agreed upon procedures.
2. Gives the Department of Housing and Community Development the authority to issue one grant to Habitat for Humanity of California. In turn, Habitat for Humanity will administer a competitive project-specific grant process to eligible local Habitat affiliates throughout the state.
3. Combines remaining funding from multiple down payment assistance programs into the MyHOME program for the purpose of making home purchases more affordable to low and moderate income Californians for owner-occupied homes, with a priority for first-time homebuyers.
4. Establishes the California Emergency Solutions Grant Program until July 1, 2020 to provide grants through a formula process for permanent housing solutions for people experiencing a housing crisis or homelessness, or both, and to engage and to shelter individuals and families while in the crisis of homelessness.
5. Establishes the Community-Based Transitional Housing Program, administered by the Department of Finance, for persons who have been released from state prison or county jail after serving a sentence for one or more felony or misdemeanor convictions. The program provides grants of up to \$2 million to cities and counties that facilitate such housing, with a total of \$25 million available for grants in 2016-17.

6. Establishes the California Seismic Safety Capital Access Loan Program, which provides a loan loss reserve facility to cover losses on qualified loans to participating lenders for loans made to residential and small business owners for seismic retrofit construction. The program is established in State Treasurer's Office and is funded at \$10 million for 2016-17.

#### Tax Credits

1. Allows until 2020 the sale of the low-income housing tax credits (LIHTC) allocated by the California Tax Credit Allocation Committee, under certain conditions, thus increasing the efficiency of these tax credits available under the personal income tax, corporation tax and insurance tax. The provision reduces the increased federal tax liability that otherwise is associated with reduced state tax liabilities resulting from the credits.
2. Extends California's current tax credit for farm donations to food banks from 2017 to 2022, increases the credit amount from 10 percent to 15 percent, and changes the basis on which the credit is allowed from inventory cost to the weighted average wholesale cost of the donated item.

#### Department of Consumer Affairs.

1. Authorizes the State Board of Optometry to issue a citation, not to exceed \$50,000 per investigation, and subject to specified factors, to an optical company, an optometrist, or a registered dispensing optician for violating existing law.

#### Medical Cannabis Regulation Safety Act

1. Requires additional conditions of licensures, such as proof of bond to cover the cost of destroying product.
2. Establishes a filing deadline for individuals to submit an application for licensure.
3. Authorizes the Board of Equalization, for purposes of taxation and regulation, to have access to the Department of Food and Agriculture's track and trace electronic database.
4. Provides the Department of Public Health (DPH) cite and fine authority and the authority for mandatory recalls. Shifts authority to license laboratories from the DPH to the Bureau of Medical Cannabis Regulation.
5. Excludes a cannabis manufacturer, who infuses butter with cannabis, from having to be licensed as a milk product plant.
6. Requires the State Water Resources Control Board, in consultation with the Department of Fish and Wildlife, to adopt principles and guidelines for diversion and use of water for cannabis cultivation in areas where cannabis cultivation may have the potential to substantially affect instream flows. The principles and guidelines may include, among others: instream flow objectives, limits on diversions, and

requirements for screening of diversions and elimination of barriers to fish passage. The principles and guidelines may also include requirements that apply to groundwater extractions where the board determines those requirements are reasonably necessary for purposes of this section.

7. Requires annual filings of statements of diversion and use to report the amount of water used for cannabis cultivation.
8. Authorizes the State Water Resources Control Board to issue cease and desist orders for any diversion or use of water for cannabis cultivation if:
  - a. A cannabis cultivation license is required but has not been obtained.
  - b. The diversion is not in compliance with an applicable limitation or requirement established by the board or the Department of Fish and Wildlife.
  - c. The diversion is not in compliance with any relevant mitigation requirements the Department of Food and Agriculture imposes as part of its approval of the final environmental documentation for the cannabis cultivation licensing program.
9. Authorizes a licensing authority to promulgate regulations, including emergency regulations.

#### Secretary of State

1. Clarifies that in the instance when an individual's registration does not show a party preference, the county elections official must designate the individual's party preference as "unknown," and the individual must be treated as a "no party preference" voter.

**Fiscal Effect:** The funding related to the changes in this bill is contained in the 2016-17 budget. In addition, the bill provides for continuous appropriation of funds in the California Seismic Safety Capital Access Loan Program.

**Support:** None on file.

**Opposed:** None on file.

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