

**To:** City of Cupertino  
Legislative Review Committee

**From:** Townsend Public Affairs, Inc.  
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**Date:** June 18, 2021

**Subject:** Legislative Update

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### **State Legislative Update**

Over the course of the last month, the Legislature has been busy working to meet several legislative deadlines to advance bills, as well as examining the Governor's May Revise proposal as they work to finalize the FY 2021-22 state budget.

In May the legislative policy committees decided which bills were either held for the year or approved for further consideration. On May 20<sup>th</sup>, the Assembly and Senate Appropriations committees met to determine which fiscal bills would advance in their respective houses. The Senate Appropriations Committee considered 357 bills on its Suspense File, while the Assembly Appropriations Committee met to consider 537 bills. Over 600 total bills were approved off of the Suspense File and advanced to the Senate and Assembly Floor for consideration. Both chambers conducted a number of floor sessions in order to consider bills prior to the June 4<sup>th</sup> House of Origin deadline.

In addition to reducing the overall number of active bills through the committee process, on May 19<sup>th</sup>, Senate Pro Tem Atkins and Assembly Speaker Rendon issued a memo to all members of the Legislature indicating that they would be limiting members to no more than 12 bills, per office, for the 2021 legislative year. The memo indicated that each Senator and Assemblymember would only be allowed to send 12 bills to the opposite house, and any additional bills would need to be moved to the Inactive File. This move will allow the Legislature to focus their time for the remainder of the session on the most critical issues facing the state.

On the budget side, all 11 budget subcommittees (five in the Senate, six in the Assembly) met several times in late May to consider the various proposals included in the Governor's May Revise. During these hearings, budget committees heard from Administration officials, fiscal and policy experts such as the LAO, and provided the public with opportunities to provide feedback on the Governor's priorities. The budget subcommittees then made recommendations to the full Budget committees to consider prior to agreeing on a budget package. Typically, both houses will hold a conference committee to reconcile the differences between the budget items, but in a departure from the norm, the Assembly and Senate reached agreement of a legislative budget without the need for a conference committee. By agreeing on a legislative budget outside of conference committee, legislative leaders will work directly with the Newsom Administration to resolve differences between the Legislature and Administration and will then present a finalized



budget. The Legislature must pass a budget bill by June 15<sup>th</sup> and the bill must be in print for 72-hours before it can be considered on the Assembly or Senate Floor.

### Governor Newsom's May Revise

As noted above, on May 14<sup>th</sup>, Governor Newsom announced his May Revision to the FY 2021-22 State Budget. Leading up to the release of the May Revise, the Governor held multiple events throughout the state to preview the opportunity for the state to come “roaring back” from the pandemic, to address long standing challenges, and to provide opportunity for every California family. The May Revise includes a projected \$75.7 billion surplus, combined with \$25 billion in federal relief from the American Rescue Plan.

The State Gann limit caps the amount of revenues from tax proceeds that can be appropriated by the State. Revenues over the two-year limit must be reallocated evenly between schools and taxpayer refunds. The Governor's Budget projects that the State could exceed that limit by \$16.2 billion, and as such, the Governor is allocating that \$16.2 billion to tax refunds and to K-14 schools. The key highlights are summarized below:

#### **Overview**

- The FY 2021-22 Budget proposes \$196.8 billion in General Fund expenditures
- Includes \$24.4 billion in total reserves, including a \$15.9 billion balance in the State Rainy Day Fund

#### **Equitable and Broad Based Recovery**

- Golden State Stimulus II
  - \$1.5 billion in additional funding, including an additional round of stimulus checks to middle class families that make an adjusted \$75,000 or less
  - Qualified families with dependents, including undocumented families, will be eligible for an additional \$500 payment
  - \$1.5 billion for three additional rounds of Small Business Grants
- \$250 million for GoBiz to allocate to California ports
- Workforce Development
  - \$1 billion to establish a Learning Aligned Employment Program
  - \$160 million to expand existing workforce program
  - \$7 billion investment over three years to expand broadband infrastructure, increase affordability, and enhance access to broadband for all Californians

#### **Pandemic Response and Federal Assistance**

- State Funding from the American Rescue Plan - \$27 billion
  - \$4.9 billion to address public health impacts
  - \$13.7 billion to support special district utilities to help pay for water and utility arrearages and provide grants to small businesses
  - \$7.3 billion to address deferred maintenance on water infrastructure and promote access to broadband
  - \$41.1 billion for the state's unemployment insurance fund



### **Emergency Response**

- \$250 million to develop and implement a proposal to prepare California to build disaster resistant communities and increase statewide resiliency
- \$150 million to support the development and enhancement of community resilience centers – including improving local fairgrounds
- \$38.9 million to augment CalFire’s resources for the 2021 fire season

### **Health and Human Services**

- \$475 million to expand the CalWORKS Housing Support program
- \$280 million to expand the Bringing Families Home program
- \$150 million for Project Roomkey
- \$35 million for a 5 year Universal Basic Income Pilot program
- \$1.69 billion to expand Medi-Cal
- \$14.29 million increase to CalWORKS maximum aid payment levels
- \$1.1 billion for services to children and families in child welfare programs

### **Department of Public Health**

- \$1.08 billion for COVID-19 response
- \$100 million over five years for behavioral health outreach for young people

### **Housing and Homelessness**

- \$1.75 billion to help support HCD affordable housing projects
- \$45 million to continue to streamline the development of housing on available excess state sides
- \$500 million for HCD to provide planning and implementation grants to regional entities for infill development projects
- \$2.75 billion for Homekey Family Housing
- \$40 million over 5 years to local jurisdictions to develop action plans that address family homelessness
- \$53 million to Caltrans to address homeless encampments along California streets and freeways

### **Climate Change - \$11.8 billion**

- \$5.1 billion for a water resilience package
  - \$2.6 billion to expand drinking water, wastewater infrastructure, groundwater supply projects, water recycling and treatment systems for PFAS
- \$989 million for immediate drought support
- \$708 million to support the Forest Resilience Action Plan and fully fund the Climate Catalyst Fund
- \$1.3 billion over multiple years to support the Governors efforts to conserve 30 percent of our lands and coastal waters by 2030
- \$826 million in additional investments for Zero Emission vehicles, infrastructure, and manufacturing

### **Natural Resources - \$11.4 billion**

- \$108.1 million for outdoor environmental education and access programming



- \$125 million to invest in community open spaces through the Urban Greening Program
- \$14 million to expand coastal access programming
- \$9.1 million to launch a pilot program to expand parks pass distribution for youth in disadvantaged communities
- \$507.3 million to enhance and restore state park facilities

**Environmental Protection - \$8.8 billion**

- \$55 million to provide grants for new anaerobic digester facilities and to expand capacity to increase organic waste recycling

**Local Public Safety**

- \$9 million in ongoing funding and \$100 million in one-time funding for CalVIP (Violence Intervention and Prevention) program for grants for services like community education, diversion programs, and violence reduction programs
- \$23.6 million for county probation departments to supervise the temporary increase in released offenders as a result of Proposition 57
- \$50 million in one-time funding for the Nonprofit Security Grant program to help nonprofit organizations that are at a high risk of violence and hate crimes

**Digital Transformation**

- \$50 million to fund technology modernization solutions
- Modernization at the DMV

**Labor and Workforce Development**

- \$1.1 billion Jobs Package
- \$750 million from the American Rescue Plan to fund the Community Economic Resilience Fund to support regional and local planning and implementation of strategies
- \$160 million for training opportunities and other workforce development programs
- \$157 million for new efforts between workforce development and the CA Community Colleges
- \$305.4 million to address the challenges of the Employment Development Department

**Transportation - \$11 billion**

- \$1 billion for statewide transit and rail projects
- \$500 million Active Transportation augmentation
- \$4.2 billion for High Speed Rail
- \$2 billion for the State Highway Rehabilitation and Local Roads and Bridges programs
- \$1.4 billion for zero emission green buses or trucks

**State Retirement Contributions**

- \$5.5 billion in one time funding to the CalPERS system
- \$1.5 billion in one time Proposition 2 debt repayment

LAO Local Government Fiscal Report



On May 12<sup>th</sup>, the Legislative Analyst Office (LAO) issued a report entitled: “An Initial Look at Effects of the COVID-19 Pandemic on Local Government Fiscal Condition”. The report analyzes various impacts of the pandemic on local governments’ fiscal condition over the last year. While the report admits that not all effects are yet known and the variance between local governments can be wide, the report makes initial assessments and recommendations on how the state can mitigate the financial impact to cities.

While the pandemic has resulted in unprecedented economic impacts to local governments, the report found that property tax revenue, one of local governments’ most significant sources of revenue, has remained relatively stable. Sales and use tax, as well as transit occupancy tax (TOT) revenues have been more directly impacted, as have local government finances. These revenue changes have also come at a time when the pandemic has increased the costs of local governments to provide essential services to residents.

While the state and federal governments have issued flexible relief dollars to local governments, there have been significant differences in which local governments received their funding. The report states that some local governments have received sizable relief funding, particularly in comparison to their losses and overall annual budgets, and some have received less or none of the funding authorized in state and federal law.

Lastly, the LAO recommends that the Legislature not spend all of its federal American Rescue Plan Act (ARPA) dollars at once, but rather wait until the impact of the pandemic is more fully understood. Then, should the Legislature decide to assist local governments with a portion of California’s ARPA funds, it should do so in a targeted way that considers whether the local government has experienced:

- Significant reduction in sales tax revenue
- Significant reduction in TOT revenue
- Significant reduction in user fee revenue
- Lower levels of federal relief funding

The report notes that the state has until December 31, 2024 to spend its ARPA allocation and recommends taking a measured, thoughtful, and slower approach to allocating its funds.

#### June 15<sup>th</sup> Re-Opening Guidance

On May 21<sup>st</sup>, the Department of Public Health announced that the state will move beyond the Blueprint for a Safer Economy to allow businesses to return to normal operations by June 15<sup>th</sup>. All sectors listed in the current activities and business tier chart may return to “usual operations” with limited exceptions. Additionally, the state has released general health recommendations, including:

- No capacity limitations
- No physical distancing limitation for attendees, customers, and guests who are fully vaccinated
- Face mask requirements to follow CDC guidelines
- Travel restrictions to follow the CDC recommendations



- Verification of fully vaccinated status or pre-entry negative test results will be required to attend “Indoor Mega Events” (5,000 attendees or more). For “Outdoor Mega Events” (10,000 attendees or more), vaccination or negative tests will be strongly recommended

The state has recommended that employers should monitor and review the directives in the regions where they operate and monitor the latest COVID-19 prevention measures. The requirements for testing and vaccine verification will be in place from June 15 – October 1. In September, the state will assess the current conditions to determine whether additional updates are needed.

### Priority Legislation

The legislative deadline for introduced bills to pass out of their House of Origin is June 4<sup>th</sup>. Any bills not passed out of its House of Origin by that date will become a two-year bill and will be ineligible for additional consideration until January 2022.

Below are the upcoming relevant dates for the Legislature:

**June 4<sup>th</sup>** – Last day for bills to pass their House of Origin

**June 15<sup>th</sup>** – Legislature must approve Budget Bill

**July 14<sup>th</sup>** – Last day for policy committees to pass bills in the Second House

**July 16<sup>th</sup>** – Legislative summer recess begins

**August 16<sup>th</sup>** – Legislature returns from Summer Recess

**August 27<sup>th</sup>** – Last day for fiscal committees to pass bills in the Second House

**September 10<sup>th</sup>** – Last day for Legislature to pass bills. Interim recess begins upon adjournment

Below are bills that have been introduced that may be of interest to the City:

#### *AB 14 (Aguiar-Curry) – Broadband services: California Advanced Services Fund*

Current law establishes the State Department of Education in state government, and vests the department with specified powers and duties relating to the state’s public school system. This bill would authorize local educational agencies to report to the department their pupils’ estimated needs for computing devices and internet connectivity adequate for at-home learning. The bill would require the department, in consultation with the Public Utilities Commission, to compile that information and to annually post that compiled information on the department’s internet website.

**This measure was approved on the Assembly Floor (62-7) on June 2<sup>nd</sup>. The measure is currently in the Senate awaiting referral to committee.**

#### *AB 34 (Muratsuchi) – Broadband for All Act of 2022*

Would enact the Broadband for All Act of 2022, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$10,000,000,000 pursuant to the State General Obligation Bond Law to support the 2022 Broadband for All Program that would be administered by the department for purposes of providing financial assistance for projects to deploy broadband infrastructure and broadband internet access services. **This measure was held on the Assembly Appropriations Committee Suspense File. The measure is now a two-year bill.** The Legislature and Governor both included funding for broadband infrastructure as part of their budget proposals, so it is possible that funding will be made available without requiring voter approved bonds.



*AB 89 (Jones-Sawyer) – Peace officers: minimum qualifications*

Current law requires peace officers in this state to meet specified minimum standards, including age and education requirements. This bill would increase the minimum qualifying age from 18 to 25 years of age. This bill would permit an individual under 25 years of age to qualify for employment as a peace officer if the individual has a bachelor's or advanced degree from an accredited college or university. **This measure was approved on the Assembly Floor (49-13) on June 3<sup>rd</sup>. The measure is currently in the Senate awaiting referral to committee.**

*AB 339 (Lee) – State and local government: open meetings*

This bill would require all open and public meetings of a city council or a county board of supervisors that governs a jurisdiction containing at least 250,000 people to include an opportunity for members of the public to attend via a telephonic option or an internet-based service option until December 31, 2023. The bill would require all open and public meetings to include an in-person public comment opportunity, except in specified circumstances during a declared state or local emergency. The bill would require all meetings to provide the public with an opportunity to comment on proposed legislation in person and remotely via a telephonic or an internet-based service option. **This measure was approved on the Assembly Floor (54-9) on June 2<sup>nd</sup>. The measure is currently in the Senate awaiting referral to committee.**

*AB 361 (Rivas) – Open meetings: local agencies: teleconferences*

This bill would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting for the purpose of declaring or ratifying a local emergency, during a declared state of emergency or local emergency. Those terms are defined, when state or local health officials have imposed or recommended measures to promote social distancing, and during a declared local emergency provided the legislative body determines, by majority vote, that meeting in person would present imminent risks to the health or safety of attendees. **This measure was approved on the Assembly Floor (62-4) on June 2<sup>nd</sup>. The measure has been referred to the Senate Governance and Finance Committee and the Senate Judiciary Committee.**

*AB 1401 (Friedman) Residential and commercial development: parking requirements*

This bill would prohibit a local government from imposing a minimum automobile parking requirement, or enforcing a minimum automobile parking requirement, on residential, commercial, or other development if the development is located on a parcel that is within one-half mile walking distance of public transit. The bill would not preclude a local government from imposing requirements when a project provides parking voluntarily to require spaces for car share vehicles. The bill would prohibit these provisions from reducing, eliminating, or precluding the enforcement of any requirement imposed on a new multifamily or nonresidential development to provide electric vehicle parking spaces or parking spaces that are accessible to persons with disabilities. **This measure was approved on the Assembly Floor (51-17) on June 1<sup>st</sup>. The measure is currently in the Senate awaiting referral to committee.**



*ACA 1 (Aguiar-Curry) – Affordable housing and public infrastructure: voter approval*

The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an additional exception to the 1% limit that would authorize a city, county, city and county, or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing, or the acquisition or lease of real property for those purposes, if the proposition proposing that tax is approved by 55% of the voters of the city, county, or city and county, as applicable, and the proposition includes specified accountability requirements. **This bill has been referred to the Assembly Local Government Committee. As a constitutional amendment, this measure is not subject to the same legislative deadlines as other bills.**

*SB 2 (Bradford) – Peace officers: certification: civil rights*

This measure would establish new standards and processes to investigate and determine peace officer's fitness and to decertify officers who engage in "serious misconduct". This bill would establish a new standard for establishing liability, eliminate the applications of certain governmental immunities, and allow wrongful death actions under the Tom Bane Civil Rights Act. **This measure was approved on the Senate Floor (26-9) on May 26<sup>th</sup>. The measure has been referred to the Assembly Public Safety Committee and the Assembly Judiciary Committee.**

*SB 7 (Atkins) – Jobs and Economic Improvement Through Environmental Leadership Act of 2021*

This bill would reenact the leadership act, with certain changes, and would authorize the Governor, until January 1, 2024, to certify projects that meet specified requirements for streamlining benefits related to CEQA. The bill would additionally include housing development projects meeting certain conditions as projects eligible for certification. Additionally, this bill would require a lead agency to prepare a master EIR for a general plan, plan amendment, plan element, or specific plan for housing projects where the state has provided funding for the preparation of the master EIR. The bill would allow for limited review of proposed subsequent housing projects that are described in the master EIR if the use of the master EIR is consistent with specified provisions of CEQA. **This bill was approved by the Legislature and signed into law by the Governor on May 20<sup>th</sup>.**

*SB 9 (Atkins) – Housing development: approvals*

This bill would require a proposed housing development containing 2 residential units within a single-family residential zone to be considered ministerially, without discretionary review or hearing, if the proposed housing development meets certain requirements, including, but not limited to, that the proposed housing development would not require demolition or alteration of housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income, that the proposed housing development does not allow for the demolition of more than 25% of the existing exterior structural walls, and that the development is not located within a historic district, is not included on the State Historic Resources Inventory, or is not within a site that is legally designated or listed as a city or county landmark or historic property or district. **This measure was approved on the Senate Floor (28-6) on May 26<sup>th</sup>. The measure has been referred to the Assembly Local**





**Government Committee and the Assembly Housing and Community Development Committee.**

*SB 10 (Wiener) – Planning and zoning: housing development: density*

This bill would, notwithstanding any local restrictions on adopting zoning ordinances, authorize a local government to pass an ordinance to zone any parcel for up to 10 units of residential density per parcel, at a height specified in the ordinance, if the parcel is located in a transit-rich area, a jobs-rich area, or an urban infill site. In this regard, the bill would require the Department of Housing and Community Development, in consultation with the Office of Planning and Research, to determine jobs-rich areas and publish a map of those areas every 5 years, commencing January 1, 2022, based on specified criteria. The bill would specify that an ordinance adopted under these provisions is not a project for purposes of the California Environmental Quality Act. The bill would prohibit a residential or mixed-use residential project consisting of 10 or more units that is located on a parcel rezoned pursuant to these provisions from being approved ministerially or by right. **This measure was approved on the Senate Floor (27-7) on June 2<sup>nd</sup>. The measure is in the Assembly awaiting referral to committee.**

*SB 37 (Cortese) – Contaminated Site Cleanup and Safety Act*

This bill enacts the Contaminated Site Cleanup and Safety Act and prohibits a project from being exempt from CEQA pursuant to the “common sense” exemption if the project site is included on a specific list of contaminated sites. **This measure was approved on the Senate Floor (39-0) on June 1<sup>st</sup>. The measure is in the Assembly awaiting referral to committee.** At present time there are no contaminated sites in Cupertino on the existing “Cortese List” of sites, so the provisions of this bill would not have a direct impact on the City.

*SB 555 (McGuire) Local agencies: transit occupancy taxes: short-term rental facilitator*

This bill would authorize a local agency, including a charter city, county, or city and county, to enact an ordinance exclusively delegating its authority to collect any transient occupancy tax imposed by that local agency on short-term rentals to the California Department of Tax and Fee Administration and to enter into a contract with the department for purposes of registration, rate posting, collection, and transmission of revenues necessary to collect and administer any transient occupancy tax imposed on a short-term rental as specified in this bill. **This measure was approved on the Senate Floor (39-0) on June 1<sup>st</sup>. The measure is in the Assembly awaiting referral to committee.**

*SB 556 (Dodd) Street light poles, traffic signal poles: small wireless facilities attachments*

This bill would prohibit a local government or local publicly owned electric utility from unreasonably denying the leasing or licensing of its street light poles or traffic signal poles to communications service providers for the purpose of placing small wireless facilities on those poles. The bill would require that street light poles and traffic signal poles be made available for the placement of small wireless facilities under fair, reasonable, and nondiscriminatory fees, as provided. The bill would authorize a local government or local publicly owned electric utility to condition access to its street light poles or traffic signal poles on reasonable terms and conditions, including reasonable aesthetic and safety standards. The bill would specify time periods for various actions relative to requests for placement of a small wireless facility by a communications service provider on a street light pole or traffic signal pole. **This measure was approved on the Senate Floor (31-2) on May 26<sup>th</sup>. The measure has been referred to the Assembly Local Government Committee and the Assembly Communications and Conveyance Committee.**



*SB 594 (Glazer) Elections: local redistricting*

Current law requires counties, general law cities, and charter cities that elect members of their legislative bodies using district-based elections to adopt boundaries for those supervisorial or council districts following each federal decennial census, as specified. Current law expressly authorizes a city council to adopt district boundaries by resolution or ordinance. If a legislative body does not adopt district boundaries by a specified deadline, existing law requires the legislative body, and authorizes a resident of the county or city, to petition the superior court for an order adopting boundaries. Current law provides that the superior court's order is immediately effective in the same manner as an enacted ordinance or resolution of the legislative body. This bill would clarify that "adopting" district boundaries for these purposes means the passage of an ordinance or resolution specifying those boundaries. **This measure was approved on the Senate Floor (38-0) on May 13<sup>th</sup>. The measure has been referred to the Assembly Elections Committee and the Assembly Local Government Committee.**

*SB 619 (Laird) Organic waste: reduction regulations*

Current law requires CalRecycle, in consultation with the state board, to adopt regulations to achieve those targets for reducing organic waste in landfills, and authorizes those regulations to require local jurisdictions to impose requirements on generators or other relevant entities within their jurisdiction, to authorize local jurisdictions to impose penalties on generators for noncompliance, and to include penalties to be imposed by the department for noncompliance. Current law provides that those regulations shall take effect on or after January 1, 2022, except that the imposition of penalties by local jurisdictions pursuant to the regulations shall not take effect until 2 years after the effective date of the regulations. This bill, until January 1, 2023, would require the department to only impose a penalty on a local jurisdiction, and would require a penalty to only accrue, for a violation of the regulations if the local jurisdiction did not make a reasonable effort, as determined by the department, to comply with the regulations. **This measure was approved on the Senate Floor (35-0) on May 20<sup>th</sup>. The measure has been referred to the Assembly Natural Resources Committee.**

