



March 18, 2011

For the first time in 78 years the California Legislature adopted a State Budget Act with a simple majority vote. [SB 69](#) (Mark Leno, D-San Francisco) was approved on a party-line vote, with the Democrats voting “AYE” and the Republicans voting “NO,” 52 to 26 in the Assembly and 25 to 15 in the Senate. The spending plan authorizes the appropriation of \$123 billion but is not balanced with sufficient revenue to meet the constitutional mandate. Despite spending cuts in the range of \$6.2 to \$6.9 billion, three key measures, which still require a two-thirds vote, are still pending adoption due to a lack of Republican votes. Bills to eliminate redevelopment agencies (RDA), reduce a corporate tax break for businesses operating in multiple states, and put the tax extensions on the ballot either fell short of passage or will be taken up next week.

The repeal of the Community Redevelopment Law would generate approximately \$3 billion in 2011-12 for schools and local agencies, offset state costs for medical and trial courts, and make one-time payments to local governments. The corporate tax law modification would require certain businesses to use a single formula for determining the share of profits to be taxed in California and would increase revenue by an estimated \$468 million in 2010-11 and \$942 million in 2011-12. The extension of the February 2009 tax increases, if put before the voters and approved, would raise \$17.6 billion for the remainder of this year and next, and over \$55 billion during the full five year extension.

There is no indication at this point whether there are the two Republican votes in both the Assembly and the Senate needed to eliminate RDAs or put the tax extensions/increases on a special election ballot. The latest Field Poll indicates that 61 percent of registered voters would prefer a special election on taxes (Dem. 62 percent, Rep. 56 percent and Ind. 65 percent). The same poll surveyed voter preference for the governor’s plan to extend 2009 tax increases and 58 percent of registered voters said they would vote “Yes” (Dem. 69 percent, Rep. 35 percent, and Ind. 66 percent.)

Below is a complete list of the budget related bills passed this week:

- [SB 69](#) - Budget Bill
- [SB 70](#) - Education
- [SB 72](#) - Human Services
- [SB 74](#) - Development Services
- [SB 78](#) - Judicial and Public Safety
- [SB 80](#) - General Government
- [SB 82](#) - Cash Management
- [SB 84](#) - Budget Loans and Transfers
- [SB 86](#) - Tax Compliance

- [AB 95](#) - Resources
- [AB 97](#) - Health
- [AB 99](#) - Proposition 10
- [AB 100](#) - Proposition 63
- [AB 105](#) - Transportation
- [AB 109](#) - Public Safety Realignment
- [AB 111](#) - Public Safety Facilities Realignment

As the budget negotiations between a handful of Senate Republican members and the Governor went into an on-again off-again mode, the pressure on the Williamson Act funding and the repeal of SB 863 ratcheted up. Despite strong Democratic opposition to the repeal of SB 863 that was expressed behind closed doors, both houses passed [SB 80](#) (Senate Committee on Budget and Fiscal Review) to repeal the stop-gap measures that is credited with saving the Williamson Act in a number of rural counties. SB 863 allows counties to reduce the term of their Williamson Act contracts by 10 percent and recoup a 10 percent reduction in their landowners' property tax relief. This self-funding mechanism was adopted in eight counties (Kings, Madera, Mendocino, Merced, Shasta, Stanislaus, Tulare, and Yolo) in lieu of the issuance of mass nonrenewal notices to participating landowners.

SB 80 was approved by the Assembly on a vote of 54 to 20 and in the Senate on a vote of 33 to 2. The bill goes to legislative purgatory, known as enrollment, prior to going to the governor for his consideration. It is believed that the bill will be held in enrollment until a final budget agreement is reached and may or may not be sent to the governor for final action.

The agricultural "card-check" legislation was approved on March 17 by the Senate Appropriations Committee. Senate President pro Tem Darrell Steinberg (D-Sacramento) spearheaded [SB 104](#) that will strip agricultural workers of the right to choose or refrain from union representation by a secret ballot, allowing a simple petition signed by a majority of workers to impose unionization on the entire workforce. Farm Bureau and several agricultural organizations testified against SB 104.

In spite of Committee Chair Senator Christine Kehoe's comment that SB 104 is a likely candidate for the "suspense file" she urged her colleagues to move the bill. (The "suspense file" is for legislative items that need to be carefully considered by the Appropriations Committee due to their potential fiscal impact.) SB 104 passed on a party-line 6-3 vote.

[AB 349](#) (Wesley Chesbro, D-Eureka) would continue to allow access to Humboldt, Del Norte and Mendocino counties via Highway 101 by licensed livestock carriers utilizing semi-trailer combinations which do not exceed 70 feet in total length and kingpin to rear axle settings of 43 feet. Much of the beef grown in northern California is shipped out of state. In order to be competitive, the north coast ranchers need to use out of state haulers for movement of their cattle and they are limited by statute to trailers with a kingpin of 40 feet. Unfortunately, more than ninety percent of the equipment used to transport cattle and other livestock to out of state markets are trailers with a kingpin to rear axle of up to 43 feet. AB 349 will enable livestock producers in Humboldt, Del Norte and Mendocino counties to remain competitive by extending the exemption that allows them to utilize these semi-trailer combinations to deliver their cattle to market. This bill is sponsored by the Cattlemen's Association. Farm Bureau is in support.

Central Coast Regional Water Quality Control Board Conditional Agricultural Waiver Renewal Hearing has been continued to April. The board heard testimony from stakeholders for nine hours in Watsonville

on March 17. Regional Board staff presented their most recent proposal. An agricultural panel presented an economic assessment and technical data refuting board staff assertions and legal points. The panel also presented a detailed agricultural proposal as a viable alternative to the unworkable board staff proposal. Coast Keepers and environmental justice representatives presented testimony. The day concluded with individuals from the local community and agricultural businesses giving public comment. The current Conditional Agricultural Waiver expires on March 31. The regional board does not currently have a quorum, making it impossible to adopt or renew the waiver at this time.