



May 6, 2011

[AB 1265](#) (Jim Nielsen, R-Gerber) that would reenact the programmatic provisions of SB 863 related to the 10 percent shorter Williamson Act contracts was unanimously approved by the Assembly Local Government Committee. SB 863 was the Farm Bureau-sponsored measure that was signed into law just last October, only to be repealed last month in a budget trailer bill. The quick approval of the bill is a good indication that the Legislature is willing to restore this landowner funded effort to save the Williamson Act. AB 1265 will next be heard in the Assembly Agriculture Committee before moving directly to the Assembly Floor.

The Senate Governance and Finance Committee approved [SB 653](#) (Darrell Steinberg, D-Sacramento) that would allow counties and school districts to adopt a wide range of taxes, including income, vehicle, alcohol, cigarette and oil severance taxes, with voter approval. Specifically, general taxes require a 2/3's vote of the governing body and a majority vote of the electorate, while special taxes can be put before the voters by a majority vote of the governing body, but require a 2/3's vote of the electorate.

Senator Steinberg's measure would create more than 1,000 new taxing authorities for the stated purpose to fund services like schools and public safety if lawmakers are unable to reach a budget solution that includes a statewide revenue stream. In reality, the President Pro Tem's bill may help to insure an all-cuts State Budget due to voter backlash should the proposed tax extensions reach the November ballot. The mere threat that counties and school districts would get tens of billions of dollars in new tax authority may encourage voters to think "enough is enough."

If all 58 counties were to impose the taxes allowed by SB 653, the following amounts would generate \$15.2 billion:

- 1% personal income tax on all residents: \$8 billion.
- 0.5% sales and use tax (the bill does not specify a rate): \$2.2 billion.
- 1.35% VLF: \$3.8 billion.
- 2% oil severance tax: \$378 million.
- \$1 per pack of cigarettes: \$813 million.
- 5 cents per drink: \$16.1 million.

The bill is fraught with tax administration and compliance problems and lacks a multitude of necessary implementation details. For example, according to the Governance and Finance Committee analysis, "The bill's reimbursement structure requires the Franchise Tax Board (FTB) to borrow funds from the General Fund programs it administers to implement and maintain the local personal income tax programs until the county can reimburse those amounts at a later date. The FTB lacks sufficient

resources to fund the local personal income tax program for any period without putting at risk the core mission of state income tax administration.” The FTB also lacks the resources to identify taxpayers by county of residence and would need to rely on taxpayers self declaring their residency on their state income tax return.

The roll call on SB 653 was as follows: “AYES:” Wolk, DeSaulnier, Hancock, Hernandez, Kehoe, and Liu. “NOES:” Huff, and La Malfa. “Absent or Not Voting:” Fuller.

Senator Evans (D-Santa Rosa) decided to put her controversial Coastal Commission bill on the shelf for the rest of this year. [SB 588](#) relative to granting civil fine authority to the California Coastal Commission was pulled from the agenda in the Senate Judiciary Committee on May 3rd at the request of the author. The fact that Senator Evans chairs the Judiciary Committee and the majority party generally gives great deference to their chair’s bills is a good indication of just how controversial SB 588 has become. Farm Bureau at the state, county, and individual member level along with a broad coalition of business and landowner groups oppose this bill.

Senator Evans’ [SB 668](#) relative to the Williamson Act Subventions was unanimously approved by the Senate Governance and Finance Committee. The bill would allow a city or county to accept contributions from an open-space district, a land-trust organization, a nonprofit entity, or a public agency for specific land that is under a Williamson Act contract to supplement the city or county's foregone property tax revenues. This authority applies if the state fails to make all or part of its subvention payments to the city or county.

The bill would allow the contributor to contract with the owner of Williamson Act land, with the approval of the city or county, to keep the property under the Williamson Act contract in exchange for the contributor's payment to the city or county. The bill also requires that a contract between the contributor and the landowner be subject to any limitation in the contributor's power and the contract cannot allow or require the land's conversion into a mitigation bank site. These provisions would automatically sunset on January 1, 2016, unless the Legislature extends or repeals that date.

Farm Bureau expressed reservations about the requirement for permanent new land use restriction or concessions by landowner in return for continuation of the Williamson Act contract. We have offered amendments to the author to address these concerns and they are under consideration. The bill was amended at the committee’s request to delete the reference to open space districts and to specify that the donations must be for the same length of time as the proposed new restrictions. We do not have an official position on SB 668 because the author is seriously considering our proposed amendments.

Calmer heads prevailed when Das Williams (D-Santa Barbara) accepted amendments offered by CFBF and other agricultural associations minutes before his pesticide bill that put onerous restrictions on the Department of Pesticide Regulation was to be heard in Assembly Agriculture. But an interesting twist of events kept the bill from being approved by the committee putting [AB 1176](#) in limbo. While the committee approved the amendments which induced the agricultural associations to remove their opposition and go neutral, the author could not garner enough votes for passage. The committee will meet next week to decide whether reconsideration will be granted, which would allow AB 1176 to stay with the committee until the next year when it could then be acted on. The vote was 4-1.

The Assembly Health committee heard [AB 1360](#) (Sandre Swanson, D-Oakland) this week. This bill would allow hospitals in medically underserved areas to hire physicians directly so that residents in these areas have access to health care. Currently there is a severe shortage of physicians in California’s

rural areas. Allowing hospitals and health care districts to provide financial security to doctors by hiring them directly will help alleviate the shortage by ensuring doctors a steady income. CFBF supported this bill, however, the author agreed to amendments to remove the California Medical Association's opposition that added significant hurdles for hospitals to hire doctors. With the amendments the author was able to remove the opposition of CMA, but he also removed the support of his sponsors and other supporters, including CFBF. Without any supporters and the opposition of clinics, the bill wasn't able to gain the necessary 10 votes to pass out of committee and failed on a 9-1 vote.

The Assembly Health Committee voted on [AB 88](#) (Jared Huffman, D-San Rafael) this week. This bill would require the labeling of genetically modified salmon sold in California. Friday Review readers will remember that the bill failed in committee last week. Unfortunately, Assembly Member V. Manuel Perez voted for the bill this week providing it the necessary votes to pass 10-6. CFBF opposes AB 88 and appreciated Democrats Toni Atkins No vote and Susan Bonilla, Richard Pan, and Roger Hernandez's abstentions. All Republicans voted No, except for Brian Nestande who voted Aye. The bill now goes to the Assembly Appropriations Committee.

Two Assembly Committees took action on bills to provide funding to the Local Safety and Protection Account. This account was created in 2009 as part of the budget negotiations to receive funds from the increased Vehicle License Fees and provides funds to local law enforcement agencies for numerous crime prevention efforts, including the Rural Crime Prevention Programs. Both [AB 168](#) (Jeff Gorell, R-Camarillo, Cathleen Galgiani, D-Tracy, and Jim Nielsen, R-Biggs) and [AB 192](#) (Dan Logue, R-Chico) would provide \$500 million in general fund dollars to the Local Safety and Protection Account. CFBF supported both bills, as well as [AB 66](#) (Wesley Chesbro, D-Eureka), which would extend the VLF to fund the Local Safety and Protection Account. Unfortunately, AB 168 (Gorell) failed passage in the Assembly Public Safety Committee on a 2-5 vote. AB 192 (Logue) was placed on the Assembly Revenue and Taxation Committee suspense file, which will be taken up on May 16th.

A labor union sponsored bill that would require any drayage truck operator be an employee of the company who arranges for or engages their services will effectively ban all independent contractors or owner-operators from California ports. [AB 950](#) authored by Assembly Speaker John Perez (D-Los Angeles) passed the Assembly Labor & Employment Committee, which is comprised of five democrats and two republicans, on a obviously partisan vote. The bill threatens the livelihood of thousands of independent owner-operators who currently provide critical goods movement services at each of California's ports. The sponsors claim that the bill is necessary for safety reasons, which is contrary to the fact that California leads the nation in safety with less than one fatality per 100 million miles, more than 20 percent below the national average. AB 950 is a blatant effort to further the reach of the labor unions in California with no regard for the additional cost it would engender or the impact to the livelihood of thousands of independent driver's. The bill will likely pass through the process, but similar bills passed in previous years were vetoed stating that they violated federal anti-trust law established by the Federal Aviation Administration Authorization Act of 1994 (FAAA Act). The FAAA Act prohibits a state from taking actions that impact the rates, routes or services of trucking companies. Since the fiscal impact of AB 950 has not been determined the bill will go straight to the Assembly floor. Farm Bureau is working as part of a large coalition of business, trucking and shipping associations in opposition to this bill.

The past week has seen movement on several legislative items of interest to agricultural employers:

[SB 104](#), the ‘card-check’ bill by Senate Pro tem Darrell Steinberg (D-Sacramento) which will deny agricultural workers the right to a secret ballot to decide union representation is scheduled for 3rd reading in the Assembly. The bill may be heard the week of May 15.

[AB 243](#), by Assemblymember Luis Alejo (D-Watsonville), which would facilitate litigation against farmers and ranchers by requiring Farm Labor Contractors to disclose information about the farmers and ranchers they work for on their workers pay stubs, was voted out of Assembly Appropriations with a “do-pass” recommendation after a minor amendment. CFBF and other agricultural organizations remain opposed to AB 243.

[AB 400](#) by Assemblymember Fiona Ma (D-San Francisco) would require employers to provide one hour of paid sick leave for every 30 days worked and allow employees to begin using accrued sick leave after 90 days of work, has been re-referred to the Judiciary and Appropriations Committees, making further action unlikely. Farm Bureau and most of the California business community oppose AB 400.

[SB 129](#), legislation by Senator Mark Leno (D-San Francisco), which would impose numerous restrictions on employers’ disciplinary actions against employees under the influence of medical marijuana in the workplace, is scheduled for Senate third reading. Leno’s bill is opposed by CFBF and most of the California business community.

[SB 810](#), also by Senator Leno, would establish a California Healthcare System as a single-payer healthcare system for all Californians, funded by the taxpayers was passed by the Senate Health Committee on May 4th and has been referred to Senate Appropriations. CFBF, California Chamber and other business and employer groups oppose SB 810, which appears likely to die in Appropriations.

The Central Coast Regional Water Quality Control Board held a full day Hearing May 4th, continuing their March 17th hearing related to the renewal of the Conditional Waiver of Waste Discharge Requirements for irrigated agriculture in the region. After the board heard several hours of comments from stakeholders the agriculture panel gave a five-minute closing statement highlighting their proposal’s groundwater monitoring component. The board did not have a quorum to take action, but directed staff to review the “Farm Bureau” groundwater monitoring proposal and report their findings back to the board in time for additional public comment and a board decision in September. Farm Bureau was represented on the panel and attended the May 4 meeting.

The North Coast Regional Water Quality Control Board received a report from staff at their May 5 meeting in Eureka on a framework to develop a region wide Irrigated Lands Water Quality Program. The board directed staff to work with all county Farm Bureaus and other interested parties in the region. The board has contracted with the Center for Collaborative Policy to facilitate the development of a program to protect water quality while balancing stakeholders concerns. The timeline is as follows: May through August 2011, outreach to stakeholders and formation of advisory groups; September 2011 through June 2012, workgroup meetings and development of a draft program; July through November 2012, public review, comment and revisions; December 2012, board adoption. With the ambitious timeline, the staff is expected to develop a framework only and a more detailed program for individual areas, or commodities in the region over time. Farm Bureau attended the May 5th board meeting and provided testimony.

A measure that would develop a fee-based system to pay for costs associated with public benefit water infrastructure projects, including the public share of surface and subsurface water projects and habitat was heard in the Senate Governance and Finance Committee May 4. As reported earlier, [SB 34](#) (Joe

Simitian, D-Palo Alto) sets up an annual public good charge of \$110/ acre foot on nonagricultural retail water suppliers and \$10 to \$20/ per acre of irrigated land charge on agricultural retail water suppliers. Two thirds majority vote of each house of the Legislature is needed for approval. SB 34 passed out of the Senate Governance and Finance Committee May 4 with a vote of 5 to 4. Farm Bureau is opposed to SB 34.

A measure that would require well logs be made available to the public for wells constructed, altered, abandoned or destroyed on or after January 1st, 2012, was heard in the Senate Environmental Quality Committee on May 2. Current law requires these reports submitted to the Department of Water Resources to be kept confidential except under certain circumstances. [SB 263](#) (Fran Pavley, D-Agoura Hills) passed out of Senate Environmental Quality Committee with a vote of 5 to 1 along party lines, with Senator Strickland not voting. Farm Bureau continues to work with the author to address concerns.