



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: October 29, 2015
Board Meeting Date: November 17, 2015
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: 2015 Legislative Activity Report

RECOMMENDATION:

Acceptance of the 2015 Legislative Activity report.

BACKGROUND:

The California Legislature convened year one of a two year legislative cycle on January 5th, 2015 and concluded on September 11th, 2015. In June, Governor Brown called for two Special Sessions. The first Special Session was called to enact a permanent and sustainable funding source to maintain and repair the state's failing transportation and critical infrastructure. The second Special Session focuses on a new managed care organization (MCO) tax, or an alternative funding source, to stabilize the General Fund's cost of Medi-Cal, restore In-Home Supportive Services and provide rate increases for providers of Medi-Cal services.

Meanwhile, in Washington, D.C., on September 30th, Congress passed and the President signed a Continuing Resolution that will maintain Fiscal Year 2016 spending levels.

DISCUSSION:

State:

The County sponsored four bills during the 2015 legislative session. Of the four pieces of legislation, three were signed into law:

- Senate Bill 598 (Hill) exempts all-volunteer fire departments from sales tax liability based on gross receipts;
- Assembly Bill 901 (Gordon) revises the information recycling and composting operations are required to submit to the State and grants CalRecycle necessary enforcement abilities; and

- Assembly Bill 1424 (Mullin) allows a consumer of mental health services who has also obtained county or county affiliate employment to serve on the county's Mental Health Commission.

During the Transportation Special Session, the Democrats proposed funding the needed transportation and critical infrastructure improvements through an increase in the gas tax, diesel tax, and vehicle registration fee as well as the creation of a new vehicle registration fee for zero-emission vehicles. As a tax increase, the proposal needed 2/3 support in both chambers of the legislature to pass. The proposal failed to gain any support from the Republicans. Governor Brown responded with his own proposal which would increase the diesel tax and highway user fee as well as adjust the gas excise tax formula. All revenue would be evenly distributed between state and local entities and used only for transportation related uses only. This proposal also failed to gain any Republican support. A conference committee has been formed and is holding public hearings and negotiations throughout the fall.

The Health Special Session has also failed to enact legislation to fund the General Fund's cost of Medi-Cal, continued restoration of In-Home Supportive Services and provide additional rate increases for providers of Medi-Cal services. A package of legislation that would increase tobacco regulations, specifically; increase the legal age to purchase tobacco products to 21, classify e-cigarettes a tobacco product, close loopholes in the smoke-free work place, require all schools to be tobacco free and allow local jurisdictions to tax tobacco distributors was also introduced. These proposals have failed to gain enough support to pass. It is unlikely that the Special Session will produce a new funding source for health services or any new tobacco regulations.

Federal:

In September, Congress passed, and President Obama signed, a Continuing Resolution which maintained the Fiscal Year 2016 Defense and Non-Defense spending caps through December 11, 2015. The agreement was negotiated after Senate Republicans failed to pass a Continuing Resolution which would have defunded Planned Parenthood.

Furthermore, in September, U.S. Treasury Secretary informed Speaker Boehner that the debt limit needed to be raised. The Treasury Department expressed that it would be unable to pay the nation's debt after October. On November 2, President Obama signed a two year, bipartisan budget bill that sets domestic and defense spending limits, increases federal funding by \$80 billion and suspends the national debt limit until March 2017.