



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

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Board Meeting Date: 9/13/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Executive
Connie Juarez-Diroll, Chief Legislative Officer
Subject: 2022 State and Federal Legislative Update #5

RECOMMENDATION:

Accept this informational report on the 2022 State and Federal legislative sessions.

BACKGROUND:

The State Legislature wrapped up its work for the year, and the 2021-22 session adjourned at 1:30 a.m. on Thursday, September 1. This year, members introduced 2,350 bills, including 787 Senate and 1,563 Assembly bills. The Governor has until September 30 to determine the fate of hundreds of bills sent to him in the final days of the session. In addition, legislators and the Governor reached an agreement on a final list of budget bills for FY 2022-23, passing one additional Budget Bill, Jr., and twelve trailer bills ranging from supplemental sick leave to energy.

On August 16, President Biden signed the *Inflation Reduction Act (IRA)* into law. The IRA aims to reduce the federal deficit, cut greenhouse gas emissions, and lower health insurance-related costs while increasing health insurance coverage for vulnerable Americans.

DISCUSSION:

The following is a list of some of the most notable bills impacting counties taken up by the Legislature at the end of the session:

CARE Courts-SB 1338 (Umberg-D), the Community Assistance, Recovery, and Empowerment (CARE) Court Program, would create a court framework in every county to compel people with serious mental illness, many of whom are homeless, into housing and medical treatment. If a person refuses to comply, they could be considered by the court for conservatorship. Additionally, if a county fails to provide the necessary services, it could face fines of up to \$1,000 per day. The counties of Glenn, Orange, Riverside, San Diego, San Francisco, Stanislaus, and Tuolumne will start the program by October 1, 2023, while the rest of the state will have until December 1, 2024.

The California State Association of Counties (CSAC), which initially opposed the measure, removed

its opposition after amendments delayed the implementation timeline, appropriated an additional \$57 million for counties to implement the program, and ensured that fine monies would be allocated and distributed back to the local government entity that paid the penalties.

Allocation of the \$57 million to counties to support initial planning and implementation costs for the CARE Act will include: \$31 million across all 58 counties to be used flexibly for planning, hiring, training, and information technology infrastructure costs; \$26 million for the first cohort of counties implementing the CARE Act; and a county allocation schedule will be developed by the Department of Health Care Services (DHCS) in consultation with CSAC, with CSAC consulting with county partners. In the coming months, CSAC will continue discussions with the Administration to secure ongoing funding for counties to support the successful implementation of the CARE Court process.

Brown Act-the Legislature acted on several important Brown Act bills this session:

- **SB 1100 (Cortese-D)** authorizes the presiding member of a legislative body conducting a meeting to remove an individual for actually disrupting the meeting and defines “disrupting” for these purposes. The Governor signed this bill on August 22.
- **AB 2449 (Rubio-D)** would authorize members of a legislative body of a local agency to use teleconferencing without complying with the teleconferencing requirements that each teleconference location be identified in the notice and agenda and that each teleconference location be accessible to the public if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency’s jurisdiction. Under this exception, the bill would authorize a member to participate remotely under specified circumstances, including participating remotely for just cause or due to emergency circumstances.

Sales and Use Taxes-Despite a projected impact of \$2 billion on local government revenues for public safety, anti-poverty programs, behavioral health, and other critical services, the following bill received broad legislative support in the final weeks of the session:

- **AB 1951 (Grayson-D)** would expand, for five years, the existing partial sales and use tax exemption for manufacturing and research development to a full exemption, incorporating the local components of the sales and use tax.

Affordable Housing-The Legislature reached a deal balancing the building of affordable housing production with labor concerns in a package of two bills that are now on the Governor’s desk:

- **AB 2011 (Wicks-D)** would create a ministerial, streamlined approval process for 100% affordable housing projects in commercial zones and mixed-income housing projects along commercial corridors. The bill would also impose specified labor standards on those projects, requiring contractors to pay prevailing wages.
- **SB 6 (Caballero-D)** would enact the Middle-Class Housing Act of 2022, establishing housing as an allowable use on any parcel zoned for office or retail uses. It would require developers to use at least some union labor on every project.

Climate Change-Governor Newsom pushed a six-bill climate package late in this legislative session. Five of the six bills passed the Legislature and are now awaiting signature by the Governor:

- **AB 1279 (Muratsuchi-D)**, the California Climate Crisis Act, would declare the state’s policy to achieve net zero greenhouse gas (GHG) emissions by 2045 and ensure that by 2045, statewide anthropogenic GHGs are reduced to at least 85% below 1990 levels.

- **AB 1757 (Garcia, Cristina-D)** would require the state to set targets for natural carbon sequestration and for nature-based climate solutions that reduce GHGs and foster climate resilience.
- **SB 846 (Dodd-D)** would keep the Diablo Canyon nuclear power plant operating until 2030 and give PG&E a \$1.4B loan.
- **SB 905 (Caballero-D)** would direct the California Air Resources Board to develop a program and set regulations for carbon capture, utilization, and storage projects in polluting industries.
- **SB 1020 (Laird-D)** would establish interim targets for the statewide 100% clean energy policy, requiring state agencies to accelerate their 100% clean energy policy goal by ten years.

Health Care-In addition to advancing a comprehensive package of bills to protect reproductive rights (which can be found in the attached Legislative Tracker), the Legislature passed the following notable healthcare-related bills. They now await the signature or veto from the Governor:

- **AB 32 (Aguiar-Curry-D)** would make various changes to Medi-Cal telehealth policy, including authorizing providers to establish new patients in specific Medi-Cal programs remotely and requiring payment parity for telehealth services. The County of San Mateo is in support of this measure.
- **AB 240 (Rodriguez-D)** would require the California Department of Public Health to contract with an appropriate and qualified entity to conduct an evaluation of the adequacy of the local health department infrastructure and to make recommendations for future staffing, workforce needs, and resources, to accurately and adequately fund local public health. The County of San Mateo is in support of this measure.
- **AB 988 (Bauer-Kahan-D)** would attach a fee to cell phone lines to raise funds to support call centers and mobile crisis teams associated with the new federal mental health crisis hotline, 988.

The County of San Mateo Delegation-Members of the County's delegation also authored critical pieces of legislation that now await action by the Governor:

- **AB 2096 (Mullin-D)** would authorize licensure for freestanding chemical dependency recovery hospitals. The County of San Mateo is in support of this measure. It would allow Mills-Peninsula Medical Center to re-license and provide much-needed chemical dependency inpatient services. Governor Newsom signed the bill on September 2.
- **AB 2584 (Berman-D)** would ensure appropriate checks and balances on our recall election system.
- **AB 2784 (Ting-D)** would set requirements for specific plastic containers sold or distributed in the state to contain set amounts of recycled plastic.
- **SB 107 (Wiener-D)** would make California a refuge for minors seeking gender-affirming care. The Board of Supervisors passed a resolution supporting this measure at the July 12, 2022, meeting.
- **SB 893 (Becker-D)** would authorize the SMC Community College District to use its unrestricted general funds to establish a tuition fee waiver. The Board of Supervisors passed a resolution in support of this measure at April 19, 2022, meeting.

Failed bills-Not all bills were successful in passing the Legislature. Below are some notable bills that did not make it to the Governor's desk this year:

- **SB 17 (Pan-D)** would have established a statewide Racial Equity Commission. The County of

San Mateo was in support of this measure.

- **SB 262 (Hertzberg-D)** would have eliminated cash bail for nonviolent misdemeanors and felonies.
- **SB 866 (Wiener-D)** would have permitted minors 15 years of age and older to receive a federally-approved vaccine without parental consent.

The Legislature is now adjourned for the remainder of the year. The session will formally end *sine die* on November 30th. The newly constituted houses-after November elections that will bring sweeping changes to the composition of the Legislature-will meet on December 5 for organizational purposes and to kick off the 2023-24 legislative session. Members will begin legislative activities in January 2023.

The attached 2022 Legislative Activity Report provides details on all bills monitored. The Intergovernmental and Public Affairs Unit (IGPA) monitored over 750 bills this session, including over 150 health-related bills, 40 public safety-related bills, and over 30 housing and homelessness bills.

State Budget-The following are highlights of actions included in the newly passed Budget Bill, Jr. and trailer bills acted on at the end of the session. Attached is a complete table of all the budget bills for FY 2022-23.

- **CARE Court:** The Legislature provided the Department of Health Care Services with \$57 million for counties' CARE Court implementation costs.
- **MPX:** The Legislature approved roughly \$41.5 million for state and local MPX response. Of the total funds, approximately \$15.8 million is dedicated to local assistance, with \$1.5 million for community-based organizations.
- **Clinic Workforce Stabilization Retention Payments:** The Legislature approved \$70 million to establish a clinic workforce stabilization retention payment program administered by DHCS. The program will fund eligible clinics, including FQHCs, to make retention programs for eligible employees.
- **COVID-19 Emergency Sick Leave:** The Legislature extended the expiration date for the provisions of the 2022 COVID-19 Supplemental Paid Sick Leave program from September 30, 2022, to December 31, 2022.

Member Funding Request-Assembly Member Kevin Mullin was successful in securing the following request in SB 179, the Budget Bill, Jr., that will have a direct impact on the County:

- **Police Interactions with Dementia Patients-\$500,000**-This two-year pilot program is intended to help improve public safety by pairing peace officers with mental health clinicians/specialists to manage high-risk situations. The effort builds upon a program started in December 2021 among the four largest cities in San Mateo County aimed at de-escalating 911 calls and providing appropriate care for persons who are non-violent and may have mental health issues or suffer from a neurodegenerative disease that affects behavior such as dementia or Alzheimer's. The John W. Gardner Center for Youth and Their Communities at Stanford University will independently evaluate the program.

2022 Federal Legislative Update:

The IRA, which is a product of months-long congressional negotiations following the passage of the *Build Back Better Act (BBBA)* in the U.S. House of Representatives last year, would reduce federal deficits by \$102 billion between 2022 and 2031—the lifespan of the law—according to estimates by the nonpartisan Congressional Budget Office (CBO).

At its core, the IRA aims to reduce carbon emissions by roughly 40 percent (from 2005 levels) by 2030. It will accomplish this by, among other things, providing nearly \$370 billion for a range of tax credits to help stimulate the adoption of clean energy technologies. The measure also includes a fee on oil and gas companies' methane emissions and will dedicate up to \$60 billion to low-income areas and minority communities that suffer disproportionately from environmental pollution.

The IRA will also allow Medicare to negotiate certain prescription drug prices and limit the program's out-of-pocket co-pays to \$2,000 annually. It also will extend for another three years the increased premium subsidies for *Affordable Care Act (ACA)* coverage for approximately 13 million low- to moderate-income individuals who purchase coverage through a health exchange.

The new law includes \$4 billion in drought resiliency funding. The monies, which the U.S. Bureau of Reclamation will administer, are available to help compensate farmers, water districts, and others for voluntary water reductions. Under the legislation, it can also be used for voluntary system conservation projects that achieve verifiable reductions in the use of or demand for water supplies or projects that provide environmental benefits in the Colorado River basin. Lastly, federal dollars will be available for ecosystem and habitat restoration projects to address issues directly caused by drought.

The legislation will be offset through corporate tax changes, increased IRS enforcement, Medicare prescription drug pricing reforms, and a 1 percent excise tax on stock buybacks.