



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

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Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael Callagy, County Manager
Connie Juarez-Diroll, Legislative Officer

Subject: 2021 State and Federal Legislative Update #2

RECOMMENDATION:

Accept this informational report on the 2021 State and Federal Legislative Sessions.

BACKGROUND:

The California State Legislature returned to work on April 5th after a one-week hiatus for spring recess and faces a fast-approaching deadline at the end of the April for policy committees to send fiscal bills to the appropriations committees. There are dozens of hearings scheduled in the Senate and Assembly over the next few weeks, and many key bills that would impact counties will be heard.

In a March 31 speech, President Joe Biden unveiled the framework for a wide-ranging infrastructure proposal that would fulfill a range of promises that he made during the campaign.

DISCUSSION:

2021 State Update

Legislative Update-Responding to the COVID-19 pandemic continues to be a major focus for the Legislature. The pandemic has exposed gaps in our public health infrastructure that lawmakers want to address. The Legislature also continues to move bills that aim to support struggling businesses in the wake of the pandemic. Some of the most notable bills in this area include:

- **AB 93 (Garcia, Eduardo)** would require the LAO to conduct a comprehensive review and analysis of issues related to the State's response to the COVID-19 pandemic.
- **AB 240 (Rodriguez)** would require the Department of Public Health to conduct an evaluation of the adequacy of local health department infrastructure and make recommendations on workforce needs and resources to fund local public health.

- **AB 255 (Muratsuchi)** would require landlords to conduct good faith negotiations with commercial tenants suffering from COVID-19-related financial hardships in order to provide an opportunity to repay lease debt.

The Legislature has introduced over 150 bills to address the dual crises of housing affordability and homelessness. Major measures aim to alter zoning laws to increase housing density, raise funds for long-term solutions for homelessness, and require local governments to increase their efforts in addressing homelessness.

- **SB 6 (Caballero)** would create the Neighborhood Homes Act, which would require counties to allow housing development projects on certain lots zoned for office or retail use.
- **AB 115 (Bloom)** would require local governments to allow housing developments in all commercial zones as long as the housing development sets aside at least 20% of the total number of units for affordable housing.
- **SB 9 (Atkins)** would require a local government to ministerially approve a housing development containing two residential units in single-family zones and to ministerially approve urban lot splits.
- **AB 71 (Rivas, Luz)** would close corporate tax loopholes and restore historic corporate tax rates on corporations with \$5M or more in profits to generate \$2.4 billion of state funding for long-term solutions to homelessness. These funds would go to local governments so they can invest in housing solutions.
- **AB 816 (Chiu)** would require each local agency to submit to the California Department of Housing and Community Development (HCD) an actionable county-level plan for meeting specific annual benchmarks, with the goal of reducing homelessness by 90% by 2029. It would allow the Inspector General to bring an action against a local agency to compel compliance with the plan.
- **AB 1372 (Muratsuchi)** would require every city or county to provide every person who is homeless with temporary shelter, mental health treatment, resources for job placement, and job training until the person obtains permanent housing. This measure would also authorize a person who is homeless to enforce the bill's provisions by bringing a civil action.

Aiming to increase our State's housing stock, the Legislature is also acting on bills that would curb development in areas with high fire risks. These bills include:

- **SB 55 (Stern)** would prohibit the creation or approval of a new commercial or residential development in a very high fire hazard severity zone and, similarly,
- **AB 1295 (Muratsuchi)** would prohibit the legislative body of county from entering into a residential development agreement for property located in a very high fire risk area.
- **SB 12 (McGuire)** would require counties to amend their land use element to identify very high fire risk areas and specify goals and policies to protect lives and property from unreasonable risk of wildfire in those areas. Counties would then be precluded from approving discretionary development applications in very high fire hazard areas without making specified findings related to wildfire risk reduction.

The Legislature has also introduced a slate of bills that would expand access to health care. Among the most notable, which the County is supporting, are:

- **AB 4 (Arambula)** would expand eligibility for full scope Medi-Cal benefits to all adults regardless of immigration status.

- **SB 56 (Durazo)** would expand Medi-Cal eligibility to undocumented seniors.
- **AB 32 (Aguiar-Curry)** would authorize the continuance of the telehealth flexibilities issued during the COVID-19 pandemic by the Centers for Medicare and Medicaid Services and the California Department of Health Care Services that expanded the list of services eligible for reimbursement. This is a top County legislative priority for 2021.

Increasing equity throughout the State is another major theme in the 2021 Legislative Session. Notable bills in this area include:

- **SB 17 (Pan)** would establish the Office of Racial Equity to develop a statewide Racial Equity Framework.
- **AB 1287 (Bauer-Kahan)** would prohibit gender-based price discrimination, also known as the “pink tax.”
- **AB 30 (Kalra)** would establish a new state-wide policy that access to nature is a human right.

Bond Fund Proposals-The Legislature has introduced eight bills that would ask the voters in the 2022 statewide election to approve bond funding for a variety of priorities, ranging from affordable housing to climate resiliency:

Bill number and author	Funded activities	Bond amount
AB 34 (Muratsuchi)	Deploying broadband infrastructure and broadband internet access services	\$10B
AB 75 (O'Donnell)	Education facilities	Unspecified
AB 125 (Rivas, Robert)	Projects for agricultural lands, food and fiber infrastructure, climate resilience, agricultural professionals, workforce development and training, air quality, tribes, disadvantaged communities, nutrition, food aid, meat processing facilities, fishing facilities, and fairgrounds	\$3.1B
AB 411 (Irwin)	Housing for veterans and their families	\$600M
AB 1500 (Garcia, Eduardo)	Projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, and workforce development programs	\$6.7B
SB 5 (Atkins)	Affordable rental housing and homeownership programs	\$6.5B
SB 22 (Glazer)	Education facilities	\$15B
SB 45 (Portantino)	Projects for wildfire prevention, safe drinking water, drought preparation, and flood protection program	\$5.5B

Early State Budget Action-Finally, on April 8th Governor Newsom, Senate President Pro Tempore Toni G. Atkins and Assembly Speaker Anthony Rendon announced a \$536 million funding plan to help improve the State’s resilience to wildfires. The current year budget package would allow the state to conduct prescribed burns, remove brush, and clear defensible space around buildings prior to what is anticipated to be a particularly active fire season. The proposals are contained in two identical budget bills: AB 79 and SB 85. A combination of General Fund (\$411 million) and cap-and-trade funding (\$125 million) will be utilized to fund the package of actions, and at least some funds, will be dedicated to conservancies across the state. County staff are in the process of reviewing the measures to identify potential funding sources for County fire mitigation efforts.

Of the 2,500+ bills circulating, the Intergovernmental and Public Affairs Unit is internally monitoring over 900 measures, including nearly 80 bills related to COVID-19, over 200 bills impacting our County Health System, approximately 150 bills impacting housing and homelessness issues, and over 100 bills related to public safety and justice. The Unit has submitted eleven letters on legislative measures and state budget actions to-date.

Details on bills tracked by the County Manager’s Office and letters of support or opposition can be found in the attached 2021 Legislative Activity Report.

2021 Federal Update

American Jobs Plan

The so-called *American Jobs Plan*, part of the administration’s Build Back Better initiative, would invest \$2.25 trillion over the next eight years in transportation, renewable energy, manufacturing, and efforts to combat climate change. A second round of initiatives in the plan would focus on human infrastructure and could cost upwards of \$1 trillion and would address health care costs, expand child care, and increase access to paid leave, among other things.

The Biden Administration is proposing to offset the cost of the *American Jobs Plan* through a series of corporate tax reforms that include: raising corporate income taxes from the current 21 percent to 28 percent and imposing a 15 percent minimum tax on income reported to shareholders by large corporations. It also seeks a minimum tax on profits that U.S. corporations earn overseas by increasing the rate from the current 13 percent to 21 percent. The Administration would also eliminate deductions for expenses related to offshore jobs and tax incentives for foreign-derived intangible income. According to the White House, these changes-along with increased Internal Revenue Services (IRS) enforcement of corporate taxes-would fully pay for the Plan within 15 years.

While the President’s proposal was generally well-received by Democratic lawmakers, it drew criticism from congressional Republicans who believe that the package is too broad and partisan, and from progressive Democrats who believe it does not go far enough in providing investments in clean energy. With little margin for error in both chambers, the plan’s future is uncertain. Despite the challenges, it is expected that the bill will be split into two separate measures (infrastructure and human service programs). House Speaker Nancy Pelosi has set an ambitious goal of July 4th for the infrastructure legislation to clear the lower chamber and August for the human services package.

Key elements of *American Jobs Plan* of importance to the County include:

- **Transportation Infrastructure and Resilience**-would invest \$620 billion in the transportation sector, including \$155 billion to upgrade 20,000 miles of highways and roads, the ten most “economically significant” bridges in the country, and 10,000 smaller bridges-particularly those that provide critical connections to rural and tribal communities. Includes \$85 billion for transit, \$80 billion for rail, \$25 billion for airports, \$20 billion for road safety, and \$17 billion for ports, inland waterways, and ferries. The President is also asking to provide \$20 billion for transportation projects targeted towards disadvantaged communities, as well as \$25 billion to support large-scale projects.

In addition, the plan would dedicate \$174 billion to increase the U.S. market share of plug-in electric vehicles (EV) sales and increase the domestic supply of EVs. State and local governments could receive grants to build a network of 500,000 charging stations by 2030.

The President is also calling for \$50 billion in dedicated investments to impose infrastructure resilience, with the investments targeted to the most vulnerable communities. The funding would be provided through a range of new initiatives and exciting programs-including FEMA’s Building Resilient Infrastructure and Communities (BRIC) program and the Community Development Block Grant (CDBG) program. President Biden has also specifically called on Congress to invest in resilience to extreme wildfires, sea-level rise, and drought.

- **Broadband**-proposes \$100 billion for broadband infrastructure improvements. The investment would help expand high-speed broadband internet access to unserved and underserved communities. It also prioritizes support for broadband networks owned, operated by, or affiliated with local governments, non-profits, and co-operatives. Additionally, the plan includes measures to make pricing more transparent and competitive and includes short-term subsidies for low-income households.

- **Housing**-calls for investing \$213 billion to produce, preserve, and retrofit more than two million affordable and sustainable homes. Targeted tax credits, grants and project-based rental assistance would be used to create another additional one million in affordable housing units. The package proposes to “eliminate exclusionary zoning and harmful land-use policies,” asserting that zoning laws-such as minimum lot sizes, mandatory parking requirements, and prohibitions on multifamily housing-have increased construction costs and locked some families out of communities. To incentivize zoning changes, the plan calls on Congress to enact a competitive grant program to award flexible and attractive funding to jurisdictions to eliminate zoning barriers for affordable housing.
- **Child Care**-proposes to invest \$25 billion to upgrade child care facilities and increase child care slots in high need areas. Funding would be provided through a *Child Care Growth and Innovation Fund* for states to increase the supply of child care. The plan also proposes an expanded tax credit to encourage business to build child care facilities at places of work.
- **Home and Community-Based Services**-would provide \$400 billion toward expanding access to quality, affordable home- or community-based care for aging relatives and people with disabilities. Funding would expand access to services under Medicaid and extend the federal Money Follows the Person program that enables Medicaid-eligible persons to receive appropriate and necessary long-term services and supports in the setting of their choice.
- **Workforce Development**-includes \$100 billion for workforce-development programs, including training for those who have lost their jobs, as well as apprenticeship initiatives.

American Rescue Plan (ARP) Homelessness Funding Allocation Announcement

On April 8th, the Department of Housing and Urban Development (HUD) announced the allocation of nearly \$5 billion in American Rescue Plan funds to help communities across the country support low-income families and individuals who are experiencing homelessness or housing insecurity through activities like development of affordable housing, tenant based rental assistance, supportive services, or acquisition of non-congregate shelter units. The supplemental funding will be allocated through the HOME Investment Partnerships Programs to 651 grantees, including states and local governments. The County of San Mateo is slated to receive \$5,180,249 along with Daly City that will receive \$1,411,179, and Redwood City that will receive \$1,194,369.

The nearly \$5 billion in HOME-ARP funding is the first of two homelessness-related funding opportunities from the American Rescue Plan that HUD will release. In the coming weeks, HUD will announce the allocation of funding for emergency vouchers for people experiencing and at-risk of homelessness. County staff will be working with the County Manager’s Office in the coming weeks to determine the best use of the funds.