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# Update: A Forecast of Issues Before Senate Policy Committees in the 1993-1994 Legislative Session

Office of Senate Majority Whip Leroy F. Greene

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# UPDATE:

*A Forecast  
of Issues  
Before Senate  
Policy Committees  
in the 1993-1994  
Legislative Session*



*Prepared by  
Office of Senate Majority Whip Leroy F. Greene*

*November 1993*

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**UPDATE:**

**A FORECAST OF ISSUES**

**BEFORE THE SENATE POLICY COMMITTEES**

**IN THE 1993-1994**

**LEGISLATIVE SESSION**

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OFFICE OF SENATE MAJORITY WHIP

LEROY F. GREENE

# TABLE OF CONTENTS

<b>FOREWORD</b> .....	i
AGRICULTURE AND WATER RESOURCES .....	1
APPROPRIATIONS .....	3
BANKING, COMMERCE, AND INTERNATIONAL TRADE .....	4
BUDGET AND FISCAL REVIEW .....	6
BUSINESS AND PROFESSIONS .....	7
CONSTITUTIONAL AMENDMENTS .....	11
EDUCATION .....	13
ELECTIONS AND REAPPORTIONMENT .....	16
ENERGY AND PUBLIC UTILITIES .....	18
GOVERNMENTAL ORGANIZATION .....	21
HEALTH AND HUMAN SERVICES .....	26
HOUSING AND URBAN AFFAIRS .....	30
INDUSTRIAL RELATIONS .....	34
INSURANCE, CLAIMS AND CORPORATIONS .....	36
JUDICIARY .....	41
LOCAL GOVERNMENT .....	46
NATURAL RESOURCES AND WILDLIFE .....	51
PUBLIC EMPLOYMENT AND RETIREMENT .....	53
REVENUE AND TAXATION .....	55
TOXICS AND PUBLIC SAFETY MANAGEMENT .....	57

## TABLE OF CONTENTS (Cont.)

TRANSPORTATION .....	60
VETERANS AFFAIRS .....	62

November 1993


## FOREWORD

In February of 1993, the Majority Whip's Office published a document, titled "A Forecast of Issues Before the Policy Committees in the 1993 Session," listing topics that consultants to policy committees expected to surface in committees during 1993. This document updates that Forecast by listing the outcomes of the predictions made last February. It is also an effort to predict what is in store for the 1994 session by listing important issues and bills still pending in committees.

You will find the original predictions listed first. The sections in boldface are the updates and outcomes. No changes were made to the original sections. Some committee summaries contain a section called "New Issues." These are issues that became major policy areas for the committees, even if they hadn't been predicted in February. Many of these issues have yet to be resolved. Some committee sections contain an "Outlook" section where issues that will be important next year are listed. Other committees chose to make their forecast in the context of the "Outcome" or "New Issues" sections.

Once again, I would like to thank the consultants who assisted with the project: Fran Burton, Darren Chesin, Ruth Coleman, Jay DeFuria, Peter Detwiler, David Felderstein, Bob Franzoia, Bob Fredenburg, Karen French, Michael Gomez, David Grafft, Steve Hardy, Gordon Hart, Martin Helmke, Mark Hite, Krist Lane, Rebecca LaVally, Patrick Lenz, Anne Maitland, Sara McCarthy, John Miller, Greg Schmidt, Steve Schnaidt, Michael Shapiro, Jeff Shelton, Wade Teasdale, Art Terzakis, Ken Topper, Bill Whiteneck, Howard Yee, and Hellan Roth Dowden and Verna Osburn of my staff.

For further information, please contact the Majority Whip's Office at 916/445-4187 and/or write State Capitol, Room 405, Sacramento, CA 95814. For additional copies, please send your request and a check for \$5.39, payable to Senate Rules Committee, to: Senate Publications, 1020 N Street, Room B-53, Sacramento, CA 95814 (916/327-2155).

  
LEROY F. GREENE  
Senate Majority Whip

# AGRICULTURE AND WATER RESOURCES

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Chair: Senator Dan McCorquodale

Consultants: Peter Szego, Mary Shallenberger, Mark Hite

## Issues

WATER QUALITY -- Delta water quality will be an important area for discussion and possible hearings. The Water Resources Board's proposed order for increasing water quality in the Sacramento-San Joaquin River Delta has set off much debate on how this will be accomplished. Other water quality issues such as cleanup of the Penn Mine and other sites may be the subject of legislation.

**Outcome:** At the Governor's request, the State Water Resources Board did not adopt the proposed order for increasing water quality in the delta.

CENTRAL VALLEY PROJECT (CVP) -- Recent federal legislation, the Miller-Bradley bill, has added new restrictions on the CVP. How these restrictions will be implemented in California will most likely come before the committee. In a related issue, the Governor has proposed the state take over the CVP. Senator McCorquodale will introduce legislation giving the Legislature a larger role in these discussions.

**Outcome:** SB 967 (McCorquodale) was introduced to give the Legislature a greater say in a possible transfer. However, with the change of Administrations in Washington, enthusiasm on the part of the Feds for the Governor's proposed takeover of the CVP has lessened, if not evaporated altogether. **STATUS:** Two-year bill. Assembly Water, Parks and Wildlife.

WATER TRANSFERS -- Members of the Assembly have already proposed water transfer legislation. Negotiations are currently taking place in the Assembly.

**Outcome:** AB 97 (Cortese) authorizes a water-user-initiated transfer program, requires a supplier to approve the transfer request or deny the request with findings supporting a reasonable basis for denial. It would allow a user denied by a supplier to obtain judicial review. The bill authorizes a 10% surcharge by the supplier for environmental mitigation, and limits transfer agreements to 10-year terms. **STATUS:** Two-year bill. Senate Agriculture & Water Resources.



DROUGHT CONTROL/FLOOD CONTROL -- While drought issues have faced California in the past few years, the flip side of the issue, flood control, may emerge for discussion.

**Outcome: No action taken.**

PESTICIDES -- No telling what the "pest du jour" will be this year, but the medfly or whitefly may be back, along with debate on how to protect California's agriculture industry.

**Outcome: The medfly did return. The continuing fight will be over who pays for eradication. Will it be the taxpayers, as they do now, or the agriculture industry which benefits from eradication? The stage has been set by language in the local government budget trailer bill, SB 1135, that allows county agricultural commissions to charge for their services. Another important bill in this area, AB 771 (Areias), provides for a waiver for use of a pesticide that is registered with the U.S. EPA but that has not complied with all required data under California law. STATUS: Chapter 963, Statutes of 1993.**

COMMERCIAL FISHING -- Over the last few years, the commercial fishing industry has begun to organize using the model of the agriculture industry. Marketing orders have been developed for various ocean products. Legislation covering additional ocean products may be introduced.

**Outcome: No action taken.**



# APPROPRIATIONS

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Chair: Senator Robert Presley

Staff Director: Karen French; Consultants: Bob Franzonia, David Maxwell-Jolly, Ed Dermen, Ellen Venturino, Happy Chastain, Melissa Gamer

## Issues

While the committee acts as both policy and fiscal committee for bills which pay claims against the State, it does not directly engage in policy development. In allocating financial resources, the committee's primary focus is fiscal policy.

The Select Committee on the Business Climate is tentatively scheduled to meet on February 11 to discuss permit streamlining. Bob Franzonia, of Appropriations, provides staff support for the Select Committee.

**Outcome: The Select Committee held a joint hearing with the Energy and Public Utilities Committee on the effect of high energy rates on the business climate. Steel producers, frozen food processors, and other heavy-industry energy users now receive subsidized rates for electricity. The PUC had begun proceedings to increase these rates for heavy industry. The joint hearing heard testimony on SB 809 (Ayala). This legislation will freeze the rates paid by heavy industry until December 31, 1995. STATUS: Chapter 453, Statutes of 1993.**

# **BANKING, COMMERCE, AND INTERNATIONAL TRADE**

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Chair: Senator Lucy Killea  
Consultants: Terry Miller and Fran Burton

## **Issues**

Senator Deddeh will author bills within the subject area of the committee, including legislation on personal property lenders, commercial/consumer finance lenders, and borrowers obtaining copies of appraisals.

**Outcome:** Senator Deddeh retired from the Legislature prior to the end of session. He did author two bills, SB 329 and SB 172, in the subject areas listed above. Senator Russell became the author of SB 172 upon Senator Deddeh's resignation.

-- SB 329 (Deddeh) raises the fees charged for returned checks to \$15 from \$5 for retail and auto sales and from \$10 for all others. STATUS: Chapter 101, Statutes of 1993.

-- SB 172 (Russell) would clarify that when balloon payments are part of a mortgage agreement, the mortgage broker will make his or her "best effort" to secure an extension. This bill states that "best effort" does not guarantee refinancing of the loan. STATUS: Two-year bill. Assembly Finance, Insurance and Public Investment.

BUDGET -- Most likely budget issues will take precedence over policy issues this year. There is one budget issue that may be of interest to the committee. That is the Governor's proposed elimination of the Department of Savings and Loan. This may generate interest once again in legislation calling for the creation of a Department of Financial Institutions. This controversial legislation has come before the committee in the past and been vetoed by the Governor.

**Outcome:** No action taken.

## INTERNATIONAL TRADE:

NAFTA -- Signing of the North American Free Trade Agreement may trigger additional legislation and/or resolutions.

**Outcome:** No action taken.

OVERSEAS TRADE OFFICES -- Could be expanded or reduced depending on the budget.

**Outcome:**

-- SB 747 (Deddeh) would require the Trade and Commerce Agency to identify expanding sectors in the industrial economy and report to the Legislature. Further, the bill would ask the Agency to determine location requirements for these industries, match these requirements with available sites in California, target economic assistance programs to these areas and examine the feasibility of earmarking the resultant increased state tax revenue for new infrastructure and retraining programs in urban areas. **STATUS:** Two-year bill. Assembly Consumer Protection, Government Efficiency and Economic Development.

-- SB 748 (Deddeh) encourages the Office of Trade Policy and Research to target industries for foreign market development assistance, to develop foreign markets, and to work with other departments within the Trade and Commerce Agency to achieve these goals. The bill also states the Legislature's intent that the California Export Finance Office seek federal funds for defense conversion projects. **STATUS:** Chapter 839, Statutes of 1993.

# BUDGET AND FISCAL REVIEW

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Chair: Senator Alfred E. Alquist

Staff Director: Steve Larson; Deputy Director: Patrick Lenz; Consultants: Keith Umemoto, Sam Obregon, Tim Davis, Fred Harris, Diane Van Maren

## Issues

The Budget and Fiscal Review Committee is a fiscal committee. However, policy questions often are discussed as part of the development of the State's budget. The great bulk of the committee's work is done by four subcommittees that review, draft, and approve the details of the budget.

With enormous shortfalls in revenues projected once again this year, the committee will focus on finding ways to continue essential services for the state. This activity will include evaluating and prioritizing essential programs, continuation of efforts to streamline state operations, and exploring alternative revenue sources.

Contentious issues abound: the appropriate level of support for K-12 and higher education; the effects of continuing reductions in available resources for local governments; reduction levels for Corrections, and the Judiciary; appropriate levels of funding for a variety of health care issues; etc.

**Outcome: Budget issues that involved changes in policy found their way into bills relating to the particular subject area. The sections of this report on Business and Professions, Education, Governmental Organization, Health and Human Services, and Local Government discuss legislation relating to the Budget Act.**

# BUSINESS AND PROFESSIONS

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Chair: Senator Dan Boatwright

Consultants: Jay DeFuria, Michael Gomez, G.V. Ayers

## Issues

**BUDGET** -- Licensure agencies that are under Consumer Affairs are special fund agencies. In 1991/92, language was placed in the budget placing any excess over three months of reserve funds for the licensing boards into the General Fund. This meant, for example, that the Contractors Board sent \$22 million to the General Fund. The 1992/93 budget bill also contained language to transfer reserve funds plus 10% from appropriated operating funds. Many Boards are looking to fee bills to replenish these funds but it appears none will go through if similar transfer language is in this year's budget.

**Outcome:** SB 80, the budget bill, contained language stating that interest, late payment, and fee income from any state agency, including Consumer Affairs, would go to the General Fund.

Despite this language, a number of fee bills were introduced. They are listed below:

- SB 148 (Boatwright) raises an additional \$12 million per year in fee revenue for the Contractors Licensure Board. Some of these funds will be used for enforcement activities against unlicensed contractors. **STATUS:** Chapter 1188, Statutes of 1993.
  
- SB 574 (Boatwright) increases fees paid by licensed psychiatric technicians, restores \$224,000 to the Bureau of Home Furnishings and Thermal Insulation Fund through fee increases. Also contains language to increase small claims court limits from \$1,500 to \$2,500 when contractors default. **STATUS:** Chapter 1264, Statutes of 1993.
  
- SB 694 (Killea) increases fees for Respiratory Care practitioners licensed by the Respiratory Care Board. **STATUS:** Chapter 1069, Statutes of 1993.
  
- SB 756 (Kelley) increases license fees for alarm company operators and agents, security guards, security guard training facilities, private patrol operators and repossessors. **STATUS:** Chapter 1266, Statutes of 1993.

-- SB 1002 (Craven) increases fees paid by real estate agents and brokers to the Department of Real Estate. This is to restore some of the \$14.3 million in fund revenues transferred to the General Fund by the 1991 and 1992 Budget Acts. STATUS: Chapter 416, Statutes of 1993.

-- AB 936 (Rainey) makes changes to the laws covering locksmiths and increases their fee revenues by \$374,000. STATUS: Chapter 1263, Statutes of 1993.

-- AB 1807 (Bronshvag). See Restructuring of the Department of Consumer Affairs (below).

MEDICAL BOARD -- Look for major enforcement reform in light of the recent investigation of the Board for case dumping. Presley may carry case dumping legislation (sponsored by Center for Public Interest Law). The bill probably will transfer enforcement from the Medical Board to the Attorney General.

**Outcome:** SB 916 (Presley) is major legislation to reform the disciplinary procedures of the Medical Board and the Podiatric Medicine Board. The bill requires the medical boards to disclose information to the public on felony convictions, malpractice judgments, public letters of reprimand, suspension, etc. Further, it requires the boards to be notified of any malpractice judgments, settlement agreements or arbitration awards over \$30,000. The bill eliminates regional Medical Quality Review Committees and replaces them with hearings before an administrative law judge. The bill allows the Medical Board to raise licensure fees to support its increased enforcement activities. The bill contains a provision voiding the license fee increases if any fee revenues are transferred to the General Fund. STATUS: Chapter 1267, Statutes of 1993.

RESTRUCTURING OF THE DEPARTMENT OF CONSUMER AFFAIRS -- In light of the budget difficulties, there may be added impetus for deleting or combining various boards. That doesn't mean other proposals to license other groups, i.e., tanning facilities or legal technicians, won't be introduced. (New licensing proposals are quite probable, but enactment highly questionable.) Also, podiatrists might attempt to come out from under the jurisdiction of the Medical Board and establish a Board of Podiatric Physicians and Surgeons.

**Outcome:** Issues involving greater efficiency and effectiveness of state boards and commissions came up in the context of the budget. As a result, a special subcommittee of the Business and Professions Committee, chaired by Senator McCorquodale, will review occupational licensure procedures, deregulation proposals, and explore possible mergers or different structures for boards and commissions. This committee, the Subcommittee on Efficiency and Effectiveness in State Boards and Commissions, will be holding a series of hearings this fall.

There is likely to be legislation introduced next year that would sunset boards, or initiate some sort of review process.

In addition to the discussions that were part of the budget, several important measures were heard:

-- AB 1392 (Speier) would require that all boards, commissions, agencies, and examining committees within the Department of Consumer Affairs notify the Department whenever a complaint has gone thirty days without investigation. The bill would further require that certain executive officers within Consumer Affairs be appointed by the Governor subject to Senate confirmation and under the control of the Director of Consumer Affairs. **STATUS**: Two-year bill. Senate Business and Professions. Interim hearing by Subcommittee on Efficiency and Effectiveness in State Boards and Commissions.

-- SB 500 (Hill) includes Consumer Affairs among other departments in a pilot to test performance-based budgeting. **STATUS**: Chapter 641, Statutes of 1993.

-- AB 1807 (Bronshvag) contains many housekeeping items related to the boards, etc., within Consumer Affairs. While many provisions were non-controversial amendments to exempt consumer affairs agencies from budget language transferring licensing revenues to the General Fund led the Legislature to believe further review was needed. **STATUS**: Two-year bill. Concurrence in Senate amendments pending. Assembly Inactive File.

**ATHLETIC COMMISSION FUNDING** -- Caught in a money crunch to fund the Commission, legislation may be introduced to pay for the Commission through a tax on pay-per-view cable television.

**Outcome**: AB 2275 (Tucker) was introduced to give the Commission another three-year lease on life. While cable TV revenues never materialized as a possible funding source, other fees were created or increased to fund the Commission. **STATUS**: Chapter 1057, Statutes of 1993.

**BASS TICKETS** -- Legislation to limit the administrative or other fees ticket sellers can charge will be introduced again by Senator Marks.

**Outcome**: SB 580 (Marks) was set twice and never heard in committee.



## New Issues

**ENFORCEMENT** -- In a spillover from actions taken to reform the Medical Board's enforcement procedures, Senator Presley introduced SB 842. This measure creates the administrative equivalent of a temporary restraining order to allow for the interim suspension or other restrictions of a licensee by any licensing board or agency within Consumer Affairs. **STATUS:** Chapter 840, Statutes of 1993.

# CONSTITUTIONAL AMENDMENTS

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Chair: Senator John Lewis  
Consultant: Wade Teasdale

## Issues

The consultant pointed out that this is a "secondary" policy committee in that subject matter of the proposed constitutional amendment is first heard in a policy committee. This committee ensures that measures amend the proper sections of the Constitution and meet the drafting standards of constitutional amendments. Nonetheless, there were some predictions on what would be heard by the committee this year.

UNIVERSITY OF CALIFORNIA -- Senator Kopp is introducing legislation to require more accountability on the part of the Regents of the University of California.

**Outcome:** Senator Kopp introduced SCA 2. The last version prohibited the appointment of any person as a Regent if he or she made a campaign contribution of \$250 or more one year prior to appointment. **STATUS:** Two-year bill. Failed passage in Senate Education. Reconsideration granted.

BUDGET DEADLINES -- A constitutional amendment to require the Legislature to pass a budget by the deadline or forgo their per diem will be introduced.

**Outcome:** SCA 34 (Kopp) would require that if a budget bill is not passed by midnight June 30, Legislators will forfeit any salary, reimbursement for travel or living expenses until it is passed. This SCA requires a balanced budget, as well as a three percent reserve fund. This proposed constitutional amendment would exempt the budget from the two-thirds vote requirement and require the enactment of the budget upon adoption. **STATUS:** Two-year bill. Assembly Floor.

PROPOSITION 13 REVISION -- Any change in the two-thirds vote requirement for local government to raise taxes would mean a Constitutional change. There may be a lot of talk this session about sending this issue to the voters.

**Outcome:** Three constitutional amendments were introduced in the Senate and were sent to this committee. They were:

-- SCA 8 (Greene) proposes a majority vote for school construction and rehabilitation within Mello-Roos districts. This measure is similar to ACA 6,

which passed in the 1992-93 session and authorizes a majority vote for general obligation bonds for school facilities. SCA 6 appeared as Proposition 170 on the November 2, 1993, ballot and was defeated. SCA 8 would extend the same authorization to districts using the Mello-Roos Community Facilities District Act to sell bonds and impose special taxes. **STATUS:** Two-year bill. Read and adopted by the Senate. Held at Senate desk.

-- SCA 20 (Russell) would exempt from the Prop. 13 property tax limit of 1% general obligation bonded indebtedness, if approved by 3/5 rather than the current 2/3 majority of the voters, for construction, rehabilitation, or reconstruction of public facilities. **STATUS:** Two-year bill. Senate Inactive File.

-- SCA 30 (Russell), a companion measure to SCA 20, would have lowered the vote requirement for schools from 2/3 to 3/5. **STATUS:** Failed in Senate Education.

DELETING THE PREVAILING WAGE IN THE CONSTRUCTION INDUSTRY -- Republicans may raise this as an answer to improving the business climate.

**Outcome: No action taken.**

U.C. FACULTY WORKLOAD -- Senator Lewis has introduced legislation amending the Constitution to allow the Legislature to regulate faculty workload.

**Outcome: SCA 24 (Lewis) would authorize legislative control over the faculty and faculty workload standards for U.C. STATUS: Two-year bill. Hearing before Senate Education canceled at request of the author.**

RENTERS' CREDIT -- Currently homeowners' exemption is guaranteed in the Constitution. There is indication that a constitutional amendment to guarantee an exemption to renters will come before the committee.

**Outcome: Senator Roberti introduced SCA 9, which places on the ballot a constitutional amendment guaranteeing a tax credit for qualifying renters. STATUS: Resolution Chapter 42. It will appear on the June 1994 ballot.**

# EDUCATION

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Chair: Senator Gary Hart

Staff Director: Bill Whiteneck; Consultants: Sue Burr, Nancy Anton, Mimi Modisette

## Issues

BUDGET ACT -- (Funding for K-12 and higher education) Will be the main setting for the most substantive issues surrounding education during 1993.

**Outcome: SB 399 (Hart) contains the statutory changes required by K-14 to implement the budget. These include for K-12: \$4,187 in per-pupil funding under Prop. 98, a \$608 million Proposition 98 loan, a correction of the \$1.083 billion technical error in the 1992 Budget Act, codification of the current practice for attendance accounting and some mandate relief. For community colleges, this legislation increases student fees from \$10 to \$13 per unit and provides a Proposition 98 loan of \$178 million. STATUS: Chapter 66 of Statutes of 1993.**

LOS ANGELES UNIFIED SCHOOL DISTRICT (LAUSD) -- The controversy over the structure of the district (leave it as is or break it up into two or more districts) will probably result in legislation and a few hearings.

**Outcome: SB 290 (Roberti), regarding the reorganization of LAUSD, passed the Senate but stalled. STATUS: Two-year bill. Assembly Education. AB 1232 (Boland), a similar measure to SB 290, was amended in the Senate and returned to the Assembly. STATUS: Two-year bill. Failed passage in the Education Committee. An Interim hearing is scheduled in Assembly Education, with further action planned in January.**

LOCAL REVENUE RAISING -- The education community will be supportive of SB 1 (Hart), a bill to allow local schools districts to raise general purpose taxes (those not preempted by the state) by a majority vote of the local electorate.

**Outcome: SB 1 (Hart) would have allowed school districts to levy taxes on a majority vote. It further specified that taxes raised would not offset any state funds received by the district, thus allowing school districts to receive funds above the Prop. 98 guarantee. STATUS: Vetoed.**

BILINGUAL EDUCATION -- At least two Senators will have competing bills on the method of instruction for limited-English proficient pupils.

**Outcome: SB 33 (Mello) would establish the California Language Minority Education Act and require school districts to offer specialized instructional programs or services to each language minority pupil. The original state law regarding limited English proficiency sunset in 1987. This bill is an attempt to extend and change the law. STATUS: Two-year bill. Assembly Education. Another measure, SB 866 (Morgan), was not reported out of the Senate.**

ATTENDANCE ACCOUNTING -- Senator Hart has introduced SB 71 (same as vetoed SB 789) to restructure attendance accounting which has been a point of dispute between the Governor and the education community for the past two years.

**Outcome: SB 71 (Hart/Roberti) would establish a new attendance accounting system and modify 1992-93 budget provisions for K-12. The items in the bill referring to the budget became part of SB 399 (Chapter 66, Statutes of 1993). The bill changes the system from daily attendance to a monthly enrollment count, and requires the state Board of Education to develop pupil attendance standards, based upon groupings of similar schools, by January 1996. STATUS: Two-year bill. Assembly Education.**

SCHOOL FACILITIES -- SB 1287 of last Session is vague on a couple of issues and both the education community and the building industry will probably introduce competing bills (bill may be property of Local Government and not Education).

**Outcome: No action taken.**

K-12 BOND ACT -- A school facility construction bond measure, probably for November 1994, will undoubtedly be introduced. The current backlog of projects is still numerous.

**Outcome: SB 190 (Greene) would provide \$1 billion in general obligation bonds for K-12. If passed, the measure would be placed on the November 1994 ballot. STATUS: Two-year bill. Assembly Finance and Insurance.**

HIGHER EDUCATION BOND ACT -- Ballot measure for June 1994, to fund higher education projects on existing community college, CSU, and UC campuses. Probably another bill for November 1994 for new campuses for UC.

**Outcome: SB 46 (Hart) would authorize the sale of \$900 million in state general obligation bonds. The measure, if passed, would be placed on the June 1994 ballot. STATUS: Two-year bill. Assembly Finance and Insurance.**

## New Issues

**HIGHER EDUCATION STUDENT FINANCIAL AID.** Three major proposals were introduced to revamp student aid for higher education programs. AB 2227 (W. Brown), AB 319 (Archie-Hudson), and SB 1072 (Killea) change the criteria for determining who should receive funding, decentralize grant administration and generally revamp Cal Grant A (which gives a greater weight to merit) and Cal Grant B (which gives a greater weight to need) programs for private and public schools.

### Outcome:

-- AB 2227 (W. Brown) became the main vehicle for change in the program. It would have given greater standing to those with need of financial aid by changing the weighing factors from 60% merit and 40% need to 60% need and 40% merit. **STATUS:** Vetoed.

-- SB 1072 (Killea) was amended to be an intent bill. **STATUS:** Vetoed.

-- AB 319 (Archie-Hudson), which consolidates Cal Grant A and Cal Grant B programs, stalled in the Senate. **STATUS:** Two-year bill. Senate Appropriations.

# ELECTIONS AND REAPPORTIONMENT

---

Chair: Senator Milton Marks  
Consultant: Darren Chesin and Larry Sokol

## Issues

MONITOR FEDERAL "MOTOR VOTER" LEGISLATION -- Congress is expected to pass motor voter legislation, i.e., voter registration tied to the issuance of a driver's license, within the next three months. Legislation most likely will be in the same form as measures vetoed by President Bush last October. The committee is working with the Secretary of State in addressing the problems of implementing motor voter, including the drafting of conforming state legislation.

**Outcome: AB 271 (Areias). This bill would enact in California the "motor voter" legislation passed this year by Congress. STATUS: Two-year bill. Assembly Elections. An Interim hearing was scheduled on this issue.**

POLITICAL REFORM -- Committee anticipates hearing a significant number of campaign finance reform proposals.

**Outcome: SCA 14 (Marks) a campaign finance reform measure was introduced. It would place a constitutional amendment before the voters to limit campaign contributions by individuals, corporations and labor unions, would allow for public financing, and would restrict transfers of campaign funds between incumbents and/or candidates. STATUS: Two-year bill. Senate Floor. A companion bill, SB 588 (Lockyer), would establish public funding for campaigns. STATUS: Two-year bill. Senate Floor.**

TECHNICAL LEGISLATION -- Various technical bills relating to the administration of the FPPC and Secretary of State will most likely be heard.

**Outcome: Several technical measures were sent to the Governor:**

-- SB 165 (Marks) restores the rights of candidates to submit signatures in lieu of paying a filing fee for office. STATUS: Chapter 1189, Statutes of 1993.

-- SB 535 (Marks) is a clean-up bill of the Elections Code. STATUS: Chapter 1302, Statutes of 1993.



-- SB 231 (Marks) closes a loophole in election law regarding independent expenditures. This bill will require campaign statements filed by independent expenditure committees to include a brief description of the filer's business activity or employer. It will also require invitations from lobbyists and lobbyist employers to include a warning statement telling the invitee whether or not attendance at the event constitutes acceptance of a reportable gift.  
STATUS: Chapter 1140, Statutes of 1993.

#### **New Issues**

AB 2196 (Costa) -- Presidential Primary: Positions shifted in both houses this year allowing legislation to pass that will change the presidential primary date in California from the first Tuesday in June to the fourth Tuesday in March for the 1996 primary. The primary election provisions will sunset in January 1998.  
STATUS: Chapter 828, Statutes of 1993.

# ENERGY AND PUBLIC UTILITIES

---

Chair: Senator Herschel Rosenthal  
Consultants: Michael Shapiro and David Gamson

## Issues

ENERGY PROGRAM REORGANIZATION -- Chairman Rosenthal, in coordination with Senator Alquist, Chairman of the Budget Committee, is exploring options for reorganizing state energy functions to save state funds and streamline the regulatory review process. Among the options being considered is a proposal in the Governor's budget to transfer California Energy Commission (CEC) functions to other state agencies, as well as an alternative proposal to move the Public Utilities Commission's (PUC) energy functions to the CEC.

**Outcome: Two measures, SB 141 and 142, were introduced. The issues addressed in both these measures are being negotiated with the Wilson Administration prior to hearings next year:**

-- **SB 141 (Alquist) would reorganize the state energy programs and require the PUC to abide by the decisions of the Energy Commission when dealing with issues regarding electric resource planning and acquisition, energy conservation, and research and development. STATUS: Two-year bill. Assembly Natural Resources.**

-- **SB 142 (Rosenthal) would transfer energy programs administered by the Department of Conservation and Office of Planning and Research to the Energy Commission. STATUS: Two-year bill. This bill was double-referred to Natural Resources and to Public Utilities.**

NATIONAL ENERGY POLICY ACT OF 1992 -- Last year Congress and the President enacted this new law which promotes energy conservation, stimulates the production of renewable energy resources, and accelerates the commercialization of clean fuel vehicles. On February 23, the committee will hold an informational hearing on the Act to determine its impact on California and to identify opportunities to secure federal funding authorized by the Act.

Chairman Rosenthal will be carrying legislation that will appropriate state funds tied to the receipt of matching federal funds under the Act.

**Outcome: SB 314 (McCorquodale/Rosenthal). See PVEA section (below).**

ECONOMIC DEVELOPMENT -- Senator Rosenthal will introduce a bond measure to provide funding to stimulate economic development and jobs in the areas of clean fuel vehicles (e.g., building electric vehicle components) and advanced transportation systems (e.g., smart highway computer systems). The measure will seek to attract matching federal defense conversion funds. A surcharge on DMV registration will be used to pay off the state bonds.

**Outcome: SB 766 (Rosenthal) would have authorized \$150 million in revenue bonds to attract federal defense conversion funds for energy and transportation projects. These funds would have been used to develop alternative energy sources and clean transportation fuels. STATUS: Vetoed.**

TELECOMMUNICATIONS -- The committee recently held a hearing on high rates for cellular telephone service and Senator Rosenthal will be introducing legislation to promote cellular competition and lower rates; telecommunication legislation is also likely to be introduced concerning education programs for consumers, infrastructure development, and oversight of PUC activities concerning the regulations of local monopoly telephone utilities.

**Outcome:**

-- SB 598 (Rosenthal) will require cellular telephone utilities to report consumer complaints to the PUC. There are penalties for failure to comply. STATUS: Chapter 1065, Statutes of 1993.

-- SB 321 (Rosenthal) would have established and funded consumer education programs. STATUS: Vetoed.

-- SB 600 (Rosenthal) directs the PUC to establish a task force to help schools, libraries and other community-based facilities to secure access to telecommunications network infrastructure, i.e., high-tech hardware. STATUS: Chapter 1281, Statutes of 1993.

CABLE TV -- The committee will examine the recently enacted federal Cable TV Act of 1992, and monitor FCC implementing regulations to identify impacts on California. Senator Rosenthal will also be coordinating with Senate President Pro Tempore Roberti on ways to maintain and improve cable TV carriage of Senate proceedings -- namely, Cal-Span programming.

**Outcome: An Interim hearing will be held on implementing the federal Act. SB 505 (Rosenthal) would have implemented the seniors' cable TV discount provisions of the federal Act. STATUS: Vetoed.**

PVEA -- Senator Rosenthal, along with Senate Budget Committee Chairman Alquist, will take a lead in negotiations with the Administration and the Assembly to allocate federal PVEA funds which, under federal law, may only be used for specified state energy programs.

**Outcome: SB 314 (McCorquodale/Rosenthal) appropriates \$18 million in Petroleum Violation Escrow Account (PVEA) funds for a variety of energy programs and transportation programs and for local projects, such as bike lanes, van pools, traffic signals, telecommunicating, energy-efficient lighting, electric shuttles, etc., contains funds from the PVEA account to match available federal funds for energy-efficient housing, for the CALSTART electric car program, and the Katz school bus clean fuel program. STATUS: Chapter 1159, Statutes of 1993.**

# GOVERNMENTAL ORGANIZATION

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Chair: Senator Ralph Dills  
Consultants: Steve Hardy and Art Terzakis

## Issues

CEQA -- This committee may be involved with other committees and staff in the possible overhaul of CEQA. The committee will not initiate legislation in this area.

**Outcome:** Two major bills were introduced to streamline CEQA (California Environmental Quality Act). CEQA, which originally passed in 1972, requires a lead agency to prepare an environmental impact report on projects that might have a significant effect on the environment and to prepare a negative declaration if there is no effect. SB 919 (Dills), sponsored by the California Manufacturers Association, and AB 1888 (Sher), a measure backed by most environmental groups, formed the basis for negotiations between the various parties. Agreement was reached and both measures were double-joined and sent to the Governor.

-- SB 919 (Dills) eliminates some of the unnecessary delays in the CEQA process and eliminates duplicative CEQA review. The bill also requires that the agency adopting regulations prepare the CEQA analysis rather than the individual businesses affected. The bill also limits those who have standing to challenge CEQA findings to those objecting during the public comment period. STATUS: Chapter 1131, Statutes of 1993.

-- AB 1888 (Sher) standardizes the Environmental Impact Report (EIR) format, creates Master EIRs, i.e., MEIRs for projects that will have subsequent phases, allows a lead agency to use the MEIR for subsequent projects, authorizes MEIRs for state highway and mass transit projects, requires an appeals court to commence hearings on CEQA appeals within one year of filing an appeal, and requires the Office of Planning and Research to implement a public assistance and information program by March 1994. STATUS: Chapter 1130, Statutes of 1993.

ECONOMIC DEVELOPMENT -- Possible issues are Enterprise Zones and relaxing governmental regulations to aid the economy.

**Outcome:** The two most important measures in this area dealt with encouraging the development of emerging technologies:

-- AB 1246 (Quackenbush) establishes grant programs for technology transfer, defense conversion and manufacturing. The budget contained \$8 million to fund these grants. STATUS: Chapter 446, Statutes of 1993.

-- SB 458 (Hart) establishes a California Defense Conversion Council that will provide a central clearinghouse for all defense conversion activities and will develop a plan for federal, state and local conversion activities. The Council will establish training programs and coordinate state advocacy efforts at the federal level. STATUS: Chapter 445, Statutes of 1993.

SOLID WASTE -- Flow control, i.e., who owns what part of the waste stream, will be an issue brought to the committee. Bills most likely will be introduced by contractors, independents, and local governments.

**Outcome:** SB 450 (Dills) addressed this controversial subject area. The bill attempts to clarify the definition of solid waste by removing the word "discarded" and recasts current law provisions regarding local agencies' rights to manage solid waste disposal. SB 450 resulted from a court decision, now on appeal, which held that an independent recycler could not collect secondary materials from commercial entities when the city had an exclusive contract for commercial recycling with another company. The bill has numerous proponents and opponents. STATUS: Two-year bill. Stalled in Assembly Natural Resources. Another measure, SB 1074 (Calderon) dealing with the same issue, is also in Assembly Natural Resources and may be heard next year.

BUDGET -- Boards and Commissions -- How many/few, etc.? The consultants felt this may surface as part of the budget discussions. However, it is possible that the Governor could introduce his own legislation that would come before the G.O. Committee.

**Outcome:** Both Assemblymember Valerie Brown and Senator Mike Thompson tried to trim state bureaucracy with little success this year.

-- AB 173 (V. Brown) attempted to limit the amount of salary paid to various chairpersons and members of state boards, as well as limit state travel, and the number of departmental public information officers. STATUS: Two-year bill. Senate Floor. Failed passage. Reconsideration granted.

-- SB 82 (Thompson) would have limited the salaries of Board and Commission members to that of the Legislature. STATUS: Vetoed.

-- SCA 12 (Kopp) would place salary limits on local and state officials in the state constitution. Their salary could not exceed that of the Governor. STATUS: Two-year bill. Assembly Governmental Organization.

GAMING AND GAMBLING -- The committee expects to hear legislation regarding cruise ship gambling in waters off the coast of California.

**Outcome:** There were a number of measures, though little resolution of the issues. Most became two-year bills:

-- AB 995 (Tucker) would have allowed Hollywood Park racetrack to run a gaming club. STATUS: Vetoed.

-- AB 2137 (Hoge), companion piece to AB 995, contained funding for background investigations before gaming licenses could be issued. The bill also gave the Governor the ability to negotiate tribal/state gaming pacts with Indian tribes. STATUS: Vetoed.

-- SB 549 (Hughes) would allow all race tracks to run gaming clubs. STATUS: Two-year bill. Assembly Governmental Organization.

-- AB 1758 (Tucker) would require fees collected pursuant to the Gaming Registration Act only be used for purposes of the Act. The 1993 Budget gave these fees to the Department of Justice, but didn't mandate these fees only be used to enforce the Act. STATUS: Two-year bill. In Conference.

-- AB 74 (Alpert) would allow gambling activities on certain cruise ships. STATUS: Two-year bill. Senate Governmental Organization.

HORSERACING -- The industry is developing a package of revenue-generating bills they will propose as an alternative to increased license fees. These bills are likely to include measures on interactive telephone wagering, new types of pari-mutuel wagering, and north - south satellite signal interchange.

**Outcome:** Several measures were introduced to increase satellite wagering. They include:

-- AB 1559 (Tucker) allows racing associations to accept out-of-state wagers via telephone. Could increase General Fund revenues from horseracing license fees. STATUS: Chapter 1103, Statutes of 1993.

-- AB 864 (Quackenbush) permits increased north-south wagering on state races. Potential increase of General Fund and Fairs and Exposition Fund as a result of an increase in license fee revenues. STATUS: Chapter 577, Statutes of 1993.



-- AB 1418 (Tucker) would permit statewide simulcasting of horseraces. Potential increase of General Fund revenues by \$7 million. **STATUS:** Two-year bill. In Conference.

ALCOHOL BEVERAGES -- It is possible that legislation providing immunity for underage decoys in the enforcement of the prohibition against selling alcohol to minors will be offered. This would be in response to recent judicial decision prohibiting the use of minors in alcohol "sting" operations. Measures limiting the number of "off sale" liquor licenses in South Central Los Angeles may also be introduced. Also the Beer and Wine Wholesalers will propose legislation related to the warehousing of imported beer.

**Outcome: Measures dealing with Alcoholic Beverages are listed below:**

-- AB 1974 (Horcher), introduced on behalf of Korean business owners, would require the City of Los Angeles to return alcoholic beverage sale permits to businesses that were burned down during the riots. **STATUS:** Two-year bill. Senate Inactive File.

-- SB 182 (Hughes) and AB 159 (T. Friedman) both address the issue of discrimination by private clubs. Would remove a club's license to sell alcoholic beverages if it discriminates on the basis of age, sex, race, religion, color, ancestry or national origin. **AB 159 STATUS:** Vetoed. **SB 182 STATUS:** Two-year bill. Assembly Inactive File.

The warehousing issue was addressed in several measures which all required that out-of-state or imported beer be stored in a wholesalers warehouse before shipment to a retailers' premises:

-- SB 184 (Maddy). **STATUS:** Two-year bill. Senate Floor. Reconsideration granted.

-- AB 1932 (Quackenbush). **STATUS:** Two-year bill. Assembly Governmental Organization.

-- SB 283 (Dills). **STATUS:** Two-year bill. Senate Floor.

MANAGEMENT OF STATE LEASES AND REAL ESTATE -- The Department of General Services is expected to introduce at least 6-8 bills relative to "asset management" planning. Several of these bills will deal with the San Francisco/Oakland State Facilities Plan intended to provide management principles and real estate decisions for the San Francisco and Oakland areas.

**Outcome: Three bills came before the committee:**

**-- AB 896 (W. Brown) authorizes the use of lease revenue bonds for the development of state office space in San Francisco, supports the findings of the State facilities development plan for San Francisco/Oakland and authorizes the Department of General Services (DGS) to amend the current agreement with the City to redevelop land within the San Francisco Civic Center. STATUS: Chapter 429, Statutes of 1993.**

**-- SB 831 (Leonard/Areias) would allow DGS to enter into lease-purchase agreements of no more than \$10 million without the approval of the Legislature. STATUS: Two-year bill. Non-concurrence with Assembly amendments. Reconsideration granted.**

**-- SB 772 (Petris) allows the State to sell existing property in Oakland and to build a new state office building in Oakland. Further, allows Caltrans to sell their existing facility in San Bernardino and build a new facility in the Riverside Civic Center. STATUS: Chapter 430, Statutes of 1993.**

# HEALTH AND HUMAN SERVICES

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Chair: Senator Diane Watson

Staff Director: John Miller; Consultants: Carolyn Robinson, Holly Mitchell, Lenore Tate, and Sara McCarthy

## Issues

HEALTH INSURANCE -- The committee consultant thinks most of the action on this will come from Washington. Senator Petris will introduce a resolution containing a set of principals for inclusion in any federal legislation.

**Outcome: Senator Petris introduced SJR 3 regarding the need for access to universal health care. The resolution sets out a standard for judging health care proposals put forward by the President or the Congress. STATUS: Resolution Chapter 28.**

**Other major measures concerning health insurance are listed under the Insurance, Claims and Corporations Committee section.**

BUDGET - WELFARE -- The Governor is making the same proposals to cut welfare that he presented last year. These were defeated by the Legislature and the electorate and most likely will meet the same fate this year.

**Outcome: The Governor placed his welfare reform measures in SB 1115 (Leslie), which was defeated in Senate Health. Another measure, SB 35 (Thompson), became the vehicle for welfare reform. It does the following:**

- Reduces welfare grants to AFDC, AFDC-Unemployed Father, SSI/SSP.
- Eliminates the federal pass through of the SSI/SSP COLA effective January 1, 1994.
- Extends indefinitely the \$30 and one-third income disregard.
- Relieves counties of meeting a higher match for new GAIN funds (higher than what was required in 1992-93) and makes other management efficiencies to the program.
- Establishes the Cal-Learn Program under GAIN which requires pregnant and parenting teens to obtain a GED and supplements their welfare grants by \$100 for maintaining satisfactory progress in school. Students who graduate receive a \$500 one-time bonus. Significantly, the case management services

are to be provided by an existing program, Adolescent Family Life Program (AFLP).

- Increases the personal property limitation to \$2,000 and increases the value of an exempt auto to \$4,500.

- Allows families to save up to \$5,000 in restricted accounts for use in starting a business, purchasing a home or attending college.

- Prohibits a parent from claiming a child support hardship reduction when the child of that parent is receiving AFDC.

- Establishes a consolidated AFDC/Food Stamp eligibility project.

- Changes the AFDC Foster Care Program to increase funding for foster parents caring for children with special needs, reduces by 2/3 the statutory rate increase.

- Changes the In-Home Supportive Services Program (IHSS) to allow for more flexibility so additional federal funds might be obtained. Also makes changes to allow counties to enter into managed care contracts for those over age 65.

- Authorizes Department of Health Services (DHS) to file claims against an estate of a decedent under 65 for Medi-Cal reimbursed nursing home services.

- Extends for one year use of Vehicle License Fee (VLF) to fund mental health services.

- Directs DHS to obtain additional negotiated contracts for drugs and durable medical equipment.

- Limits adult dental services.

- Contains directions for the state to obtain additional federal funding or to match existing funds with federal funds.

- Transfers an additional \$15 million to Medi-Cal from the University of California.

**STATUS:** Chapter 69, Statutes of 1993.

BUDGET - HEALTH -- Due to the State's revenue woes, Medi-Cal eligibility and optional benefits will once more be on the chopping block. We anticipate the Legislature will make the principle decisions and lead the effort to obtain additional federal dollars.

**Outcome: See summary of SB 35 (above) for changes in Medi-Cal.**

MANAGED CARE -- The Administration has taken the initiative on Managed Care. Their revised plan for geographic capitated health care for AFDC eligibles was introduced. It is apparent the Legislature will draft a new managed care proposal distinct from the Administration's proposals to date. For example, whether outcomes will be reported by providers is an issue for consumer groups and business.

**Outcome:**

-- SB 151 (Watson) was introduced to establish a framework for the further expansion of managed care, i.e., a per capita fixed-payment system, for Medi-Cal recipients. The bill contains a process for public hearings, timelines, and consultations with communities and providers before expansion of managed care. STATUS: Two-year bill. Senate Inactive File.

-- SB 456 (Presley) provides \$10 million in newly-available federal matching funds to county or community groups involved in the expansion or development of managed care networks. It extends the fast-track regulation procedure for implementing Medi-Cal managed care that was about to sunset until January 1995. The bill also contains other clean-up provisions to budget language to enable certain SSI/SSP recipients to continue to receive Medi-Cal, as well as language to allow poison control centers to receive increased federal funding through their alliance with disproportionate-share hospitals. STATUS: Chapter 573, Statutes of 1993.

GAIN -- With emphasis on the economy, job training and development this year, legislation to examine GAIN programs and make them part of economic development programs will be examined.

**Outcome:** The budget and budget trailer bill contain changes to the GAIN program. GAIN requires certain AFDC recipients to receive training or education or to work in order to receive welfare benefits. This past session again witnessed the conflict over the appropriate model for GAIN programs. Current legislation takes the investment-in-people approach, i.e., educate welfare recipients first, then help them find work. The Governor favors the labor force attachment model, i.e., find a welfare recipient a job, then educate them to perform the work. The Legislature did not alter their current approach. The budget contained an

additional \$32 million for GAIN. This will bring \$60 million in new federal funds to California. Los Angeles receives a high percentage of these new dollars (\$25 million). Next year the debate will most likely center on the formula for appropriating GAIN funds to each of the counties.

AIDS TESTING -- Voluntary and involuntary AIDS testing will again be an issue.

**Outcome:** While the Forecast only addressed the testing issue, there were other issues relating to AIDS that are summarized below:

-- SB 670 (Hayden/Roberti) would have revised existing law regulating confidentiality and disclosure of specified HIV tests. STATUS: Vetoed.

-- SB 1239 (Russell) would allow for non-consensual testing for HIV. Would allow an exposed individual to be informed of the HIV status of a patient without disclosing the patient's identity. STATUS: Two-year bill. Assembly Health.

#### New Issues

NEEDLE EXCHANGE: Two identical bills were introduced to allow, upon a vote of a local Board of Supervisors, a clean needle and syringe exchange pilot project to deter the spread of HIV among IV drug users.

-- AB 260 (W. Brown) was sent to the Governor. STATUS: Vetoed. SB 1048 (Watson). STATUS: Two-year bill. Senate Floor.

#### INCOME TAX DESIGNATION:

-- AB 925 (Lee) will allow taxpayers to designate a specified amount to the California AIDS Fund. STATUS: Chapter 966, Statutes of 1993.

#### TRAINING AND EDUCATION:

-- AB 88 (Murray) would have required each county to provide AFDC and Medi-Cal applicants with information concerning AIDS transmission, drug use, family planning services, sex education. STATUS: Vetoed.

-- AB 1896 (Bomstein) includes HIV and AIDS training within the licensure criteria for directors and administrators of community care facilities. STATUS: Chapter 1055, Statutes of 1993.

# HOUSING AND URBAN AFFAIRS

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**NOTE:** In August, this committee was merged with the Senate Committee on Local Government. Below are listed the original issues and outcomes. Following is a list of legislation -- under New Issues -- that, by broad category, lists actions on housing issues taken by the newly-merged committee.

## Issues

HOUSING BONDS -- Legislation has been introduced to enact a Housing and Jobs Bond Act for the June 1994 ballot. The bond issue would be in the \$400 million range. There are proposals to make some changes in the housing program financed by bonds as part of the package, i.e., expanding transitional housing, etc.

-- SB 131 (Roberti) would create the \$280 million Housing and Jobs Bond Act of 1994, for low-income housing programs. **STATUS:** Two-year bill. Assembly Finance, Insurance and Public Investment. If it passes, it would be placed on the June 1994 ballot.

-- SB 132 (Roberti) is the companion measure to SB 131. It changes and improves the existing housing bond programs. **STATUS:** Two-year bill. Assembly Housing and Community Development.

CEQA -- Senator Mike Thompson has put together a working group on this. They are seeking ways to reduce review time, eliminate redundant reviews and improve the CEQA process. Legislation may emerge from this group.

**Outcome:** See Governmental Organization Committee section for actions taken on CEQA.

FARM WORKER HOUSING -- An informative hearing was held this fall on the issue. While many solutions were presented, they all needed money to implement. Bond funding may be the most palatable in this current economic climate.

**Outcome:** No action taken.

HOUSING TRUST FUND -- There is a long-term need for a dedicated revenue source for a housing trust fund. These moneys would be subvented to local



government to develop housing, including providing operating funds to match housing bond funds.

**Outcome: No action taken.**

Congressional Reauthorization of Use of Tax-Exempt Mortgage Revenue Bonds for Single-Family Housing and Low-Income Housing Tax Credit for Rental Housing

-- Both authorizations expired on 30 June 1992. This may not be legislation but rather working with the Congressional delegation to ensure reauthorization.

**Outcome: SJR 7 (Thompson) asks Congress to permanently extend the authority to issue mortgage revenue bonds and low-income housing tax credits. STATUS: Resolution Chapter 32, Statutes of 1993. NOTE: Congress approved an extension in early August when they passed Public Law No. 103-66 (107 Stat. 312).**

## New Issues

**PLANNING AND DEVELOPMENT: Reacting to the economic recession and calls for streamlining land use regulations, legislators looked for ways to shorten deadlines.**

**Outcome:**

-- SB 428 (Thompson) allows a one-time 24-month extension for unexpired subdivision tentative maps. STATUS: Chapter 407, Statutes of 1993.

-- SB 517 (Bergeson) would create procedures for mediating land use, CEQA, and LAFCO disputes as an alternative to lawsuits. STATUS: Two-year bill. Assembly Local Government.

-- SB 659 (Deddeh) changes the Permit Streamlining Act deadlines for acting on projects, after CEQA review. STATUS: Chapter 1068, Statutes of 1993.

-- SB 660 (Deddeh) would expand the Permit Streamlining Act to include planning and zoning decisions that are connected to development permits. STATUS: Two-year bill. Assembly Local Government.

-- SB 1250 (Boatwright) would require special districts in Contra Costa County, including the East Bay Municipal Utilities District, to serve property designated for urban use by the voters. STATUS: Two-year bill. Assembly Local Government.

-- AB 51 (Costa) would change the housing element law to authorize a city or county to shift 25% of its regional share of affordable housing to a contiguous city or county. STATUS: Two-year bill. Senate Appropriations.

-- AB 764 (Goldsmith) would give cities and counties more options to identify adequate sites in their general plan housing elements. STATUS: Two-year bill. Senate Local Government.

-- AB 1682 (Bowen) would set deadlines for filing lawsuits against development agreements. STATUS: Two-year bill. Senate Judiciary.

-- AB 2172 (Hauser) extends the deadlines for housing elements by two years. STATUS: Chapter 695, Statutes of 1993.

-- AB 2206 (Bomstein) would reduce the affordability period on for-sale housing built under a density bonus. STATUS: Two-year bill. Senate Floor.

-- AB 2351 (Ways and Means Committee) shifts the Office of Permit Assistance from the Governor's Office of Planning and Research to the State Trade and Commerce Agency; a budget trailer bill. STATUS: Chapter 56, Statutes of 1993.

**AFFORDABLE HOUSING**: With the increase in the homeless population, affordable housing continues to be a major problem in California.

**Outcome:**

-- SB 110 (Craven) would require a \$75 transfer fee when selling a used manufactured home or mobilehome; the funds would go to the Mobilehome Park Purchase Fund. STATUS: Two-year bill. Senate Floor.

-- AB 214 (W. Brown) renames the California Housing Insurance Fund to the California Housing Loan Insurance Fund and establishes a bond and loan insurance program to provide affordable housing. STATUS: Chapter 115, Statutes of 1993.

-- AB 215 (W. Brown) enacts the \$185 million First-Time Home Buyers and Job Creation Bond Act of 1993 to help low-and-moderate income first-time home buyers. This measure, Proposition 173 on the November ballot, was rejected by the voters. STATUS: Chapter 116, Statutes of 1993.

-- SB 388 (Rosenthal) revises and recasts the state's Emergency Shelter Program for homeless persons. STATUS: Chapter 1022, Statutes of 1993.

-- AB 1677 (Hauser) improves the California Disaster Assistance Program (CALDAP): increases the interest rates from three percent to the rate set for veterans' home loans, eliminates loan forgiveness in the rental housing program, and provides homeowners with incentives for early repayment.  
STATUS: Chapter 1105, Statutes of 1993.

# INDUSTRIAL RELATIONS

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Chair: Senator Patrick Johnston

Consultants: Jeff Shelton, Neil Burraston and Rona Hallabrin

## Issues

WORKERS' COMPENSATION -- Senator Johnston will author a major workers' compensation reform measure this year. Staff is currently attempting to analyze the effects of earlier reform legislation authored by Assemblymember Margolin and enacted in 1989, as well as understand the impact of reforms enacted in Oregon in the last two years.

**Outcome:** Perhaps the most productive area for legislation this year, workers' compensation reform, was addressed by this committee. The resolution of the long-running battle over workers' compensation reform was contained in the following measures.

-- SB 30 (Johnston) repeals the minimum rate law and replaces it with open competition beginning January 1, 1995. STATUS: Chapter 228, Statutes of 1993.

-- SB 31 (Johnston) clarifies the law regarding payment for medical-legal expenses, requires the Division of Workers' Compensation to adopt and revise an official fee schedule for medical-legal expenses, which will save employers hundreds of millions of dollars. STATUS: Chapter 4, Statutes of 1993.

-- SB 484 (Lockyer) appropriates funding for the workers' compensation bill package. STATUS: Chapter 119, Statutes of 1993.

-- SB 983 (Greene) allows construction industry employers and labor unions to establish, through a collectively-bargained agreement, a system for dispute resolution, medical treatment, medical evaluation and for rehabilitation that is different from what is currently required under California's workers' compensation laws. STATUS: Chapter 117, Statutes of 1993.

-- SB 1005 (Lockyer) abolishes the Health and Safety Commission and reconstitutes it as the Commission of Health and Safety and Workers' Compensation. The duties of the Commission are to review the state's efforts at prevention of injuries and to act upon applications for injury and illness prevention programs. STATUS: Chapter 227, Statutes of 1993.

-- AB 110 (Peace) reduces workers' compensation insurance rates by 7 percent, requires workers' compensation insurance rating agencies to report certain data to the Legislature, limits the grounds for cancellation of workers' compensation insurance policies, makes changes to the Industrial Medical Council, limits physician self referral, caps vocational rehabilitation costs, restricts some medical-legal costs and allows employers to control health care treatment to injured workers for up to one year if the employee has chosen to receive treatment from a managed health care provider. The legislation also increases benefits for temporary and permanent disability, as well as for death benefits. STATUS: Chapter 121, Statutes of 1993.

-- AB 119 (Brulte) changes a worker's ability to file psychiatric, i.e., stress claims. Employees exposed to violent acts must prove these acts were a substantial (35% to 40%) cause of injury. Others must show that work was the predominant cause of the psychiatric injury. Post termination claims will only be paid if the employer had notice of the injury, or medical records compiled prior to termination reflect the injury. STATUS: Chapter 118, Statutes of 1993.

-- AB 1300 (Brown) attempts to limit fraud and abuse in the workers' compensation system. STATUS: Chapter 120, Statutes of 1993.

JOB TRAINING AND EMPLOYMENT PROGRAMS -- The committee is hoping to have a major role in the job development piece of the economic recovery program. The committee will attempt to coordinate their actions to Clinton's efforts. The Chair has introduced legislation (SB 96) reauthorizing the Employment Training Panel.

**Outcome:**

-- SB 78 (Johnston) would have provided a state match for federal extended unemployment benefits. STATUS: Vetoed.

-- SB 4 (Johnston) restores solvency to the State Disability Insurance system. STATUS: Chapter 748, Statutes of 1993.

-- SB 96 (Johnston) extends the Employment Training Panel until January 1997. The Panel will emphasize creating high wage jobs and preventing business from leaving the State. STATUS: Chapter 1080, Statutes of 1993.

NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) -- The committee plans to follow the effects of the treaty on the California labor market.

**Outcome:** Hot topic in Washington, D.C., but no action taken by the Legislature.

# INSURANCE, CLAIMS AND CORPORATIONS

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Chair: Senator Art Torres

Consultants: Bob Fredenburg and Manny Hernandez

## Issues

### HEALTH INSURANCE: UNIVERSAL HEALTH COVERAGE/COST CONTROL --

Universal health insurance will be a critical issue for 1993 at both the federal and state level. California will participate in developing a comprehensive health insurance program and medical cost control strategy.

The State may be directed to implement the new federal health insurance program as well as health care cost control.

In addition to the direct federal activities on health insurance, the Legislature will consider independent action on universal health care. SB 38 (Torres) has been introduced to establish a universal managed competition model for health care in California.

The legislative strategy is to pursue the California model while preparing to adopt federal implementation legislation if that becomes needed.

**Outcome: SB 38 (Torres) was placed in another measure, SB 1098 (Torres). This measure is the same as an Assembly vehicle, AB 16 (Margolin). Both these bills could be used as vehicles for the Clinton plan.**

-- SB 1098 (Torres) would implement the Clinton health plan in California. It would do the following:

- Establish a seven-member California Health Plan Commission to put in place, following the adoption of federal guidelines, a system of universal health care coverage in California.
- Establish regional Health Insurance Purchasing Corporations (HIPC) which would sign contracts with individual carriers to provide health care coverage. The HIPCs would monitor and enforce standards of access and quality of care.
- Establish through the Health Plan Commission a statewide global budget for health care expenditures.

- Require all health plans offered in California to provide 24-hour medical coverage regardless of the cause or site of the injury or illness. This would have the effect of subsuming workers' compensation and auto accident coverage under a basic health insurance policy.

- Require the Health Plan Commission to incorporate the Medi-Cal program within the universal health plan by 1995.

**STATUS:** Two-year bill. In Conference. Decisions on health insurance at the federal level expected later this year and next year will influence how the bill will be amended to implement the proposed Clinton plan in California.

HEALTH INSURANCE: UNDERWRITING REFORM -- Many of the problems of access to health insurance are due to insurance practices which deny coverage to high risk populations. Legislation will be considered to correct a range of underwriting practices such as pre-existing condition exclusions and post-claim underwriting, conversion from health insurance coverage, and continuation of group coverage for terminated employees.

**Outcome:** SB 590 (Torres) was introduced to reform underwriting practices. It is the same as another measure, AB 1100 (W. Brown). The bill contains the following provisions:

- Requires health insurance applications to clearly state California's prohibition against requiring a test for HIV as a condition for coverage and prohibits asking about HIV status to determine eligibility for disability insurance.

- Requires policies covering California residents be subject to regulation by California insurance laws, with the exception of an employer whose principle place of business and majority of employees is located outside the state.

- Limits the ability to deny claims or cancel a policy after a claim has been filed if there has been a failure to furnish complete information.

- Changes the time period for insurers to contest coverage for certain reasons such as misstatements (except in cases of fraud) from three to two years.

**STATUS:** Chapter 1209, Statutes of 1993.

HEALTH INSURANCE: SMALL GROUP REFORMS -- AB 1672 (Margolin-1992) established new standards for health insurance in the small business market. The

committee is likely to consider efforts to expand the small group reforms of community rating, and provide universal access to larger employment groups as well as individuals and very small businesses.

The program for pooling small businesses by the Major Risk Medical Insurance Program will be reviewed to determine the ability of pooling to decrease the cost of health insurance to small employers.

**Outcome:** Several clean-up measures were introduced. They are as follows:

-- AB 2059 (Margolin) is a clean-up measure for AB 1672, authored by Margolin in 1992, which established the Major Risk Medical Insurance Board. This Board helps small businesses purchase health insurance benefits for their employees. This bill clarifies that trade associations and association members will have the same access to health benefits offered by insurance carriers to small employers under the original legislation. The legislation extends the prohibition on policy cancellations or nonrenewals based upon circumstances other than fraud or non-payment to trade associations. **STATUS:** Chapter 217, Statutes of 1993.

-- AB 1768 (Margolin) extends the provisions of AB 1672 concerning pre-existing conditions and waiting periods to all group and individual policies. The original legislation only covered groups of three or more persons. The bill does permit a twelve-month waiting period for individuals and groups of two. All others will remain under the current six-month waiting period for those with pre-existing conditions. **STATUS:** Chapter 1052, Statutes of 1993.

AUTO INSURANCE REFORM -- The auto insurance issues include uninsured motorists, escalating insurance cost, fraud, and redlining practices.

A range of auto insurance reforms to be considered include various no-fault proposals similar to SB 354 (Johnston), reforms similar to SB 8 (Lockyer), and insurance financing alternatives including gas-tax funding considered at an informational hearing convened by Senator Torres (Pay At The Pump).

**Outcome:** SB 684 (Torres), pay-at-the-pump legislation, was introduced. **STATUS:** Two-year bill. Failed in Senate Judiciary. Reconsideration granted.

Three other measures dealt with the provision of insurance under the California Automobile Assigned Risk Plan. These measures were all double-joined:

-- SB 429 (Lewis) requires that California Automobile Assigned Risk Plan (CAARP) rates be set at an actuarially sound level to avoid subsidization of CAARP drivers. **STATUS:** Chapter 1133, Statutes of 1993.



-- SB 558 (Killea) bars sale of non-admitted private passenger auto coverages until an applicant has been rejected by the CAARP. **STATUS:** Chapter 1134, Statutes of 1993.

-- AB 1021 (Peace) removes the requirement that a good driver submit a rejection letter from an insurance carrier in order to be eligible for CAARP coverage. Provides that an individual's certification that he or she has been denied coverage is not sufficient to sustain an insurance commissioner's finding that the carrier violated the provisions of Proposition 103. **STATUS:** Chapter 1135, Statutes of 1993.

PROPOSITION 103: AUTO INSURANCE -- Issues related to the implementation of Proposition 103 for auto insurance will include: 1) insurance agents and brokers obligations to participate in consumer rebates and 2) the obligation of insurance carriers to accept good drivers and the protection of agents and brokers who write insurance for good drivers.

**Outcome: SB 905 (Maddy) has the effect of reducing the rebates required under Proposition 103. STATUS: Chapter 1248, Statutes of 1993.**

#### ACCESS TO INSURANCE

Redlining: One of the critical problems for both business and individuals in the urban areas is the insurance practices that result in higher insurance rates and decreased accessibility for central cities. These practices limit access to affordable insurance. Senator Torres will introduce legislation to control redlining practices by insurance companies.

**Outcome: SB 1106 (Torres) would establish an eleven-member Commission on Insurance Redlining to analyze and evaluate the extent redlining by insurance companies of California's minority, low-income, and inner-city communities exists. STATUS: Two-year bill. Assembly Ways and Means.**

Business Insurance Disclosures: Small businesses who suffer losses of property and business income have found that policies fail to cover the full cost of replacement and business interruption costs. Legislation will be considered which increases policy disclosures by insurance carriers for business insurance.

**Outcome: While there was little action and no results on the business side, legislation to increase disclosure to homeowners was introduced by Senator Petris. This bill, SB 52, further clarifies disclosure requirements for homeowners' policies. STATUS: Chapter 11, Statutes of 1993.**

Non-Admitted Insurance Policies -- Insurance companies which are not licensed to sell policies in California may still place insurance through surplus line brokers. In recent years the problem of non-admitted carriers failing to maintain adequate reserves has resulted in small businesses and individuals being left without insurance. Senator Johnston will introduce legislation to increase the regulation of non-admitted insurance carriers.

**Outcome:** The following is a summary of bills on the issue:

-- SB 558 (Killea). See Auto Insurance Reform (above).

-- SB 625 (Johnston) imposes a three-percent tax on the direct placement of nonadmitted insurance. STATUS: Chapter 1142, Statutes of 1993.

-- SB 959 (Johnston) would require prior approval of a nonadmitted insurer by the Department of Insurance before a surplus line broker may transact coverage with such an insurer. STATUS: Two-year bill. Assembly Finance, Insurance and Public Investments.

-- AB 865 (Johnson) authorizes the Insurance Commissioner to designate a surplus line association to assist the Department of Insurance in regulating nonadmitted insurance market. STATUS: Chapter 1007, Statutes of 1993. This measure is in effect until January 1, 1995. Its supporters intend to extend its life as part of the negotiations on SB 959.

Outlook: Look for another run at reforming auto insurance by lessening the fraud in the current system. Following an Interim hearing on homeowners' insurance, a packet of bills to insure the timely and appropriate payment of claims will be introduced.

# JUDICIARY

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Chair: Senator Bill Lockyer  
Staff Director: Greg Schmidt; Consultants: Gene Wong, Patricia Wynne,  
Andrea Rosa-Tedla, and Les Kleinberg

## Issues

CEQA -- Legislation may be introduced to deal with the legal aspects of the Act. A recent hearing with other policy committees pointed out some of the problems with CEQA.

**Outcome: See Governmental Organization Committee section.**

PENAL CODE REFORM -- Once again Senator Lockyer will introduce legislation to clean up the Codes. SB 25, his effort in the last session, was vetoed by the Governor.

**Outcome: SB 58 (Lockyer) would simplify the sentencing provisions for felony offenses contained in current law. STATUS: Two-year bill. Assembly Public Safety.**

FUNDING PLAN FOR CRIMINAL JUSTICE -- Senator Lockyer is interested in developing a ten-year spending plan for a criminal justice program. He is interested in exploring alternative sentencing centers with Senator Presley and, in general, community corrections.

**Outcome:**

-- SB 1071 (Presley) would place before voters in the June 1994 primary a prison and youth authority construction General Obligation Bond for \$500 million. Of these funds, \$25 million would be targeted for construction of community-based correctional facilities. STATUS: Two-year bill. Senate Floor.

-- AB 10 (Costa) authorizes the construction of an innovative secure treatment facility for substance abusers, financed by \$93 million in lease-purchase bonds. This measure also authorizes the construction of a 2,544-bed facility at Delano or Corcoran financed by \$276.5 million in lease-purchase bonds. STATUS: Chapter 585, Statutes of 1993.

BUDGET -- Trial Court Funding will once more be part of the budget discussion. Consolidating municipal and superior courts into a district court is one proposal that may be pursued. Also mentioned in terms of the Budget was working with Congress to increase funding for California law enforcement programs.

**Outcome: SCA 3 (Lockyer) places on the ballot, if passed, a constitutional amendment abolishing the existing court structure of superior, municipal and justice courts, replacing them with district courts in each county. STATUS: Two-year bill. Assembly Floor -- could be placed on June 1994 ballot.**

**(President Clinton has put his own proposals before Congress. The new federal budget and the Administration's crime bill pending before Congress contain funds for local law enforcement, as does the President's new community service program.)**

ASSET FORFEITURE -- Some changes in the law may be brought to the committee.

**Outcome: Asset forfeiture was one of the hottest issues of the year. Brought about by the impending sunset in January 1994 of the current asset forfeiture statutes, various bills made changes in the circumstances under which property could be seized from those allegedly trafficking in drugs. The two major bills are listed below. Since the issue was not resolved, it will be revisited next year. Police groups and the Attorney General would like to see a continuation of the revenue stream created by existing legislation, but about to sunset, while an odd coalition of civil libertarians and conservative Assembly Republicans would like to see a curb on the state's ability to seize property prior to conviction for use or sale of illegal substances.**

-- SB 1158 (Maddy) was introduced on behalf of Attorney General Lungren to reenact a tougher version of current law. The final version was amended to strip out most of its controversial contents. The hope was to use the bill as a vehicle to send the issue to conference. STATUS: Two-year bill. Assembly Inactive File.

-- AB 114 (Burton) was introduced to change the standards under current law so it would be more difficult to seize property or materials prior to a criminal conviction in controlled substances cases. The bill would:

- Change the evidence standard from "preponderance of evidence" to "clear and convincing evidence;"
- Allow forfeiture of property or materials only in drug transactions over \$1,500;

- Provide that only those materials or property related to violating the law can be forfeited;
- Provide real property can only be forfeited for the actual commission of an offense involving sale or possession for sale and only if the owner had knowledge of or consented to the commission of the offense;
- Limit vehicle seizure.
- Provide vehicles, boats, airplanes or other items of value must be sold, not used by law enforcement;
- Provide that a person have access to assets seized for the purpose of paying attorney fees for their defense;
- Provide for use of a stricter notice requirement to inform persons of their rights;
- Change current formula for distribution of assets.

**STATUS: Two-year bill. Senate Floor.**

**CARJACKING** -- The consultant thinks the committee will hear a number of bills on this crime.

**Outcome:** Two bills were introduced and sent to the Governor to create a new crime of carjacking. Currently carjacking is prosecuted under robbery statutes.

-- SB 60 (Presley) creates a crime of carjacking punishable by three, six or nine years in state prison, as well as providing for sentence enhancement in certain circumstances. **STATUS: Chapter 611, Statutes of 1993.**

-- AB 6 (Burton), the Assembly version, was amended in the Senate to conform with SB 60. **STATUS: Chapter 610, Statutes of 1993.**

**COURTHOUSE CONSTRUCTION** -- A bond measure for construction, providing security systems and for retrofitting existing structures, will be introduced by Senator Lockyer.

**Outcome:** SB 379 (Lockyer) would place on the ballot, if passed by the Legislature, the Justice Security Bond Act of 1993 to finance capital improvements in courthouses and associated facilities and upgrade security systems in these facilities. This bond measure contains \$50 million for

counties meeting certain requirements. STATUS: Two-year bill. Assembly Finance, Insurance and Public Investment.

MICRA (MEDICAL INSURANCE COMPREHENSIVE REFORM ACT) -- The five-year moratorium on medical tort reform expires this year. A number of measures are anticipated.

**Outcome: No action taken. May become an issue pending the success or failure of a ballot measure on the subject.**

FAMILY LAW -- Child support guidelines were enacted last year in Senator Hart's SB 1614. It is inevitable that adjustments will be proposed to the original legislation.

**Outcome:**

-- SB 541 (Hart) was introduced as a clean-up measure to SB 1614 of last session. The bill modifies the child support formula by allowing the courts to phase in the new child support payment increases. STATUS: Chapter 1156, Statutes of 1993.

-- SB 145 (Calderon) makes changes to the current support law by, except in extraordinary cases, excluding the income of a new spouse, and where the court would use this income, limiting it to 20% of that income. The measure also limits discovery of new mate income amounts to the use of a W2 or 1099 tax form, and prohibits the use of this income for spousal support. STATUS: Chapter 935, Statutes of 1993.

## New Issues

### FAMILY LAW

-- SB 997 (Calderon) -- Fathers' rights: The unwed fathers' rights in adoption proceedings were discussed but not resolved. It is possible other bills in this area will be proposed. These bills might seek to codify the Kelsey S. decision relating to fathers' rights. STATUS: Two-year bill. Senate Judiciary.

-- SB 306 (Lockyer) -- Grandparents' Rights: Gives grandparents the right to file a petition to request visitation with their grandchildren. STATUS: Chapter 832, Statutes of 1993.

-- SB 305 (Lockyer) -- Guardianships for Terminally Ill Patients: Gives terminally-ill patients the right to file for joint guardianship for their children prior to their death. STATUS: Chapter 978, Statutes of 1993.

## CRIMINAL LAW

Home Invasion: A rash of incidents of home invasions led to the introduction of legislation to create a new crime of home invasion with greater penalties than those imposed for assault or trespassing. Since the issue wasn't resolved this year, it may be revisited next year.

-- AB 1957 (Burton) would have created the crime of premises invasion punishable by 3, 4 or 6 years in state prison. STATUS: Vetoed.

-- AB 779 (Costa). The last amendments state only that it is the intent of the Legislature to create a crime of premises invasion. Contents could be amended in next session to spell out penalties, etc. STATUS: Two-year bill. Senate Inactive File.

# LOCAL GOVERNMENT

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Chair: Senator Marian Bergeson

Consultants: Peter Detwiler, April Mannatt and Howard Yee

**NOTE:** The Committee on Local Government merged with the Senate Housing and Urban Affairs Committee in August of this past year. For the purposes of this report, you will find the housing bills listed under the Housing and Urban Affairs Committee.

## Issues

GROWTH MANAGEMENT -- The Governor will release his growth management report soon. Several legislators will be introducing legislation this year; probably Senators Bergeson, Morgan, Presley, and Thompson.

**Outcome:** Governor Wilson released his Strategic Growth report in February but did not sponsor any bills. Political gridlock continues over the content of statewide growth management policies, the use of urban limit lines, and the role of state government.

**Outlook:** Passing a successful bill in 1994 will require intense negotiations and strong political leadership. The following are important measures in this area:

-- SB 153 (Morgan) would create the Bay Area Regional Commission and require a regional growth management plan. STATUS: Two-year bill. Senate Floor.

-- SB 273 (Bergeson) would require the Governor's Office of Planning and Research to create a statewide land use plan that would be implemented by new local comprehensive plans consistent with the guidelines contained in the statewide plan. STATUS: Two-year bill. Assembly Local Government.

-- SB 377 (Presley) would use more extensive statewide policies to define land use designations for public investment in new development. STATUS: Two-year bill. Assembly Local Government .

-- AB 230 (Farr) would require the Governor to prepare a comprehensive state plan based on environmental goals and policies. STATUS: Two-year bill. Senate Local Government.



-- AB 398 (V. Brown) would require coordinated planning for the San Francisco Bay Area region. STATUS: Two-year bill. Senate Local Government.

REDEVELOPMENT -- Legislation to limit the use of redevelopment funds that can be used solely to lure businesses from one area of California to another but produce no net gain in jobs, etc., may be introduced. The Assembly is also considering changes in Redevelopment law.

**Outcome:** Faced with growing legislative irritation over perceived abuses, redevelopment agencies sponsored their own reform bill (AB 1290) hoping to head off more drastic changes. Another fertile area for redevelopment legislation was in the area of military base closures. As federal officials close more military bases next year, legislators may introduce local bills to convert closed bases in their communities into redevelopment areas.

-- AB 1290 (Isenberg) restricts the definition of "blight," sets deadlines for finishing redevelopment projects, limits redevelopment spending, and eliminates fiscal review committees in favor of fixed pass-through payments. STATUS: Chapter 942, Statutes of 1993.

-- SB 348 (Maddy)/SB 915 (Johnston)/AB 69 (Cannella) set up special redevelopment procedures for Castle AFB and Mather AFB and create a new redevelopment procedure for future base closures. STATUS: SB 348--Two-year bill. Assembly Inactive File; SB 915--Chapter 944, Statutes of 1993; AB 69--Chapter 943, Statutes of 1993.

**Outlook:** While AB 1290 may be sufficient to hold off more drastic redevelopment reforms, other legislators may carry specific reform bills in 1994.

BROWN ACT -- Changes in the open-meeting laws may be a big issue. The Governor vetoed legislation last year, but Senator Kopp has introduced a similar measure.

**Outcome:** SB 36 (Kopp), SB 1140 (Calderon), and AB 1426 (Burton) overhaul the Brown Act by revising agenda requirements, tightening closed session procedures, and requiring most meetings to take place within a local agency's jurisdiction. STATUS: SB 36--Chapter 1137, Statutes of 1993; SB 1140--Chapter 1138, Statutes of 1993; AB 1426--Chapter 1136, Statutes of 1993.

BUDGET -- Last year the Senate and Assembly Local Government Committees were integral to reaching agreement on the local government piece of the budget. The staff will continue that process again this year.

**Outcome: PROPERTY TAX SHIFT.** To help balance the 1993-94 budget, Governor Wilson and the Legislature shifted nearly \$2.6 billion in property tax revenues from local governments to schools. This was contained in SB 1135--Chapter 68, Statutes of 1993. The budget agreement also called for a statewide election on a 1/2 cent sales tax for public safety services. The voters supported this when it appeared as Proposition 172 on the November ballot. The bill was SB 509--Chapter 73, Statutes of 1993.

-- AB 491 (Farr) would have allowed counties to recover half of their costs for administering the property tax shift, about \$31 million in 1993-94. **STATUS:** Vetoed.

-- AB 557 (Farr) is the Assembly Local Government Committee's annual "omnibus bill" but it also fixed problems with AB 1519. **STATUS:** Chapter 906, Statutes of 1993.

-- AB 1519 (Isenberg) fixes technical errors and makes policy changes to the budget trailer bills (SB 1135 and SB 509). **STATUS:** Chapter 905, Statutes of 1993.

-- AB 2373 (Isenberg) would reduce the loss from the property tax shift for non-enterprise special districts by increasing property tax revenues from enterprise districts to schools. **STATUS:** Two-year bill. To Assembly for concurrence. Assembly Local Government to review Senate amendments.

**Outcome: LOCAL FINANCE:** As part of the budget, local officials gained new methods to raise local revenues with benefit assessments, special taxes, and fees. There was also a significant reaction by taxpayers' groups to the expanded local use of assessments.

-- SB 278 (Beverly) permits cities and counties to levy a surcharge on consumers of transported natural gas and electricity. **STATUS:** Chapter 233, Statutes of 1993.

-- SB 376 (Bergeson) clarifies local agencies' public notice requirements for new and increased general taxes and benefit assessments. **STATUS:** Chapter 1194, Statutes of 1993.

-- SB 443 (Budget Committee) repeals 16 state mandated local programs, saving \$24.7 million; one of the budget trailer bills. **STATUS:** Chapter 59, Statutes of 1993.

-- SB 452 (Craven) allows cities and counties to create habitat maintenance districts financed with benefit assessments. STATUS: Chapter 60, Statutes of 1993.

-- SB 566 (Roberti) would have allowed local officials to levy benefit assessments for library services. STATUS: Vetoed.

-- SB 695 (Leonard) is the "Homeowners Relief Act" that makes it harder for local officials to levy benefit assessments. STATUS: Two-year bill. Senate Local Government.

-- SB 1114/SCA 22 (Maddy) would assign public safety services priority in local spending. AB 1114 STATUS: Two-year bill. Senate Local Government. SCA 22 STATUS: Two-year bill. Senate Constitutional Amendments.

-- AB 134 (Farr) makes it easier to levy fire suppression assessments for local fire departments. STATUS: Chapter 888, Statutes of 1993.

-- AB 937 (Campbell) allows counties to levy special taxes with 2/3 voter approval. STATUS: Chapter 1039, Statutes of 1993.

CEQA -- This could be a big issue. The Governor may propose changes and several legislators have working groups on this topic.

**Outcome:** See Governmental Organization Committee section.

## **New Issues**

AGRICULTURAL LAND: After several quiet years, there was an increase in legislative interest in the Williamson Act and other agricultural land issues. The consultant notes, as suburban sprawl reaches out to Williamson Act lands, there will be more land use conflicts and, therefore, more bills in 1994.

**Outcome:**

-- SB 683 (Budget Committee) increases the state subvention to counties for Williamson Act lands by \$21 million a year, from \$14 million to \$35 million. STATUS: Chapter 65, Statutes of 1993.

-- SB 850 (McCorquodale) requires an amendment to the CEQA Guidelines to provide an optional method for reviewing the effects of agricultural land conversions. STATUS: Chapter 812, Statutes of 1993.

-- SB 1143 (Rogers) would postpone the effect of statutory changes to the Williamson Act for existing contracts. STATUS: Two-year bill. Senate Local Government.

-- AB 582 (Goldsmith) requires local officials to notify the State Department of Conservation about Williamson Act contract cancellations. STATUS: Chapter 89, Statutes of 1993.

-- AB 724 (Sher) would have set statewide principles for compatible uses for land under Williamson Act contract. STATUS: Vetoed.

-- AB 2027 (Bronshvag) would create the state Interagency Committee on Farmland Protection to review state agencies' capital projects affecting agricultural land. STATUS: Two-year bill. Senate Appropriations.

# NATURAL RESOURCES AND WILDLIFE

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Chair: Senator Mike Thompson  
Consultants: Krist Lane and Ruth Coleman

## Issues

FISH AND GAME -- The precipitous decline in revenue from fishing and hunting license fees has led to big shortfalls in the Fish and Game budget. Whether this is due to changing climatic conditions, demographics, or the economy in general and what to do about it will come before the budget subcommittee.

**Outcome:** Two bills that came before the committee dealt with the Fish and Game budget: AB 899 (Costa) and AB 1151 (Alpert).

-- AB 899 would repeal the environmental review fee currently imposed on every project subject to CEQA that has an environmental impact. This bill would result in a \$5 million annual loss to the Department of Fish and Game. **STATUS:** Two-year bill. Natural Resources and Wildlife. There will be negotiations during the Interim to seek to reduce the revenue impacts on the Department of Fish and Game.

-- AB 1151 (Alpert) will, for the first time, allow funds other than license fees to be used to fund hunting and fishing programs. Previously, legislative intent language required all hunting and fishing programs to be funded from hunting and fishing licenses. **STATUS:** Chapter 1027, Statutes of 1993.

SPECIES PROTECTION -- The consultation process in the California Endangered Species Act will expire next year. The committee anticipates bills from business/development groups and environmental groups to alter the Act.

**Outcome:**

-- AB 426 (Cortese) extends the sunset date from January 1, 1994 to January 1, 1999 for the requirement that any state lead agency consult with the Department of Fish and Game to ensure that a project will not jeopardize a threatened or endangered species. **STATUS:** Chapter 337, Statutes of 1993.

-- SB 1015 (Maddy), relating to endangered species, is still in this committee. This bill could be amended to include modifications to the Endangered Species Act. **STATUS:** Two-year bill. Natural Resources and Wildlife.

EXPANSION OF BOTTLE BILL -- Legislators from both houses will introduce legislation to expand the original Bottle Bill to include wine and hard liquor. Senator Hart will carry legislation to speed up the content of recycled glass in bottles.

**Outcome:**

-- AB 1488 (Gotch), a measure to increase the level of funding available to beverage container convenience centers so they can defray their costs and remain open. **STATUS:** Chapter 1258, Statutes of 1993.

-- AB 1467 (Sher) will grant \$1 million annually for the next two years to local governments engaged in curbside recycling programs. **STATUS:** Chapter 1259, Statutes of 1993.

FORESTRY -- At this point, while there may be some legislative interest, the various parties do not seem to be preparing for another "Grand Accord" effort for this legislative year. It is possible that environmental interests may pursue an initiative for 1994.

**Outcome:** Although no major legislation passed out of the committee, at least three substantive forestry bills are pending in the committee for review in January 1994. They include: (1) SB 824 (Hayden) relating to timber harvest plans, (2) SB 825 (Hayden) relating to ancient forests, and (3) SB 891 (Leslie) relating to sustained yield plans for timber harvesting.

BONDS -- Consideration is being given to enacting legislation to place a G.O. bond issue for park and recreational facilities on the 1994 ballot. Environmental interest may pursue an initiative to place a site and project specific bond proposal on the 1994 ballot.

**Outcome:** Senator Thompson is carrying SB 158, which would place, if enacted by the Legislature, a \$885 million bond issue on the November 1994 ballot for funding parks, central valley water project mitigation activities, stream restoration, and other open space related programs. **STATUS:** Two-year bill. Assembly Finance, Insurance and Public Investment.

# PUBLIC EMPLOYMENT AND RETIREMENT

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Chair: Senator Teresa Hughes  
Consultant: David Felderstein

## Issues

PERS AUTONOMY IN THE BUDGET -- This is an issue brought on by the passage of Proposition 162. The PERS Board is claiming they are no longer covered by the budget process and do not need approval from the Department of Finance for their expenditures. PERS claims they can now submit requests directly to the Controller for payment. The Governor's Budget states, "The budget data presented is for informational purposes only and is not included in the Budget Bill as part of the appropriation process. The budget is included for informational display only and does not necessarily reflect the views of the Administration." The committee most likely will be involved in sorting this one out.

**Outcome:** Budget control language was adopted that required PERS to submit their budget for review but not approval by the Legislature. The parameters for the review were specified in the budget language. **STATUS:** Item 1900-015-830, Budget Act (SB 80), Chapter 55, Statutes of 1993.

PENSION SPIKING -- This is a hot topic for local government, CALTAX and public employee groups. Elder's bill of last year, AB 2331, was vetoed by the Governor. New bills on the subject will be introduced this year.

**Outcome:** SB 53 (Russell) reforms those areas of PERS law that have led to pension inflation. **STATUS:** Chapter 1297, Statutes of 1993.

**Outlook:** Next year a bill similar to SB 53, but aimed at reforming 37 Act county retirement systems, will be introduced.

PERS FUNDS FOR INFRASTRUCTURE INVESTMENT -- Again, this reflects an economic development focus. Most likely this will be in the form of a Senate Resolution since Prop. 162 inhibits more direct legislation.

**Outcome:** No action taken

## New Issues

Since the budget reduced revenues to local government, thus resulting in layoffs in the public sector, measures to encourage early retirement were introduced in the Senate and Assembly:

-- SB 501 (Beverly) would have increased the golden handshake service credit for local government and school employees from the current two years to four years. The Governor's veto message makes it unlikely this will come up again next year. STATUS: Vetoed.

-- AB 1470 (Cannella) would increase the age and service factors for all PERS members except university faculty by three years for each category. A commitment to re-refer the bill to Assembly Ways and Means was honored by the author when the bill came back to the Assembly for concurrence with Senate amendments. STATUS: Two-year bill. Assembly Ways and Means.

Outlook: SANCTIONS AGAINST SOUTH AFRICA -- Legislation needs to be introduced in order to lift sanctions against South Africa by all public pension systems. Look for legislation on this next year.



# REVENUE AND TAXATION

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Chair: Senator Leroy Greene  
Consultants: Martin Helmke and Anne Maitland

## Issues

USE OF TAX INCENTIVES TO ATTRACT AND RETAIN BUSINESS -- A joint hearing was held with the Assembly Revenue & Taxation Committee to examine desirability of using tax incentives to stimulate the economy.

**Outcome: SB 671 (Alquist) was the major tax bill this year. The bill permits foreign corporations to determine their California tax liability without paying an election fee. The bill also contains a 6 percent tax credit for firms purchasing manufacturing equipment, provides a 50% capital gains exclusion for small business stock held for 5 or more years, reduces the subchapter S tax rate from 2.5% to 1.5%, deletes the sunset on the Research and Development tax credit, provides a sales tax exemption for space launches at Vandenberg and for new businesses purchasing manufacturing equipment and conforms with the federal 50% limit on business meals deductions. The bill results in a revenue loss \$27 million in 1993-94, increasing to over \$600 million in 1998-99. STATUS: Chapter 881, Statutes of 1993.**

IMPROVE TAX ADMINISTRATION FOR AGENCIES AND THE PUBLIC -- These are basic housekeeping measures to help ensure the smooth administration of tax policy.

**Outcome: A number of bills were introduced by the Chair and the committee, the most important of which were:**

- SB 70 (Greene). Miscellaneous property tax administration changes (sponsored by county treasurers & tax collectors). STATUS: Chapter 1187, Statutes of 1993.
- SB 103 (Greene). Miscellaneous sales tax provisions (sponsored by BOE). STATUS: Chapter 1109, Statutes of 1993.
- SB 674 (Greene) would provide a "bright line" test for unity of ownership (sponsored by State Bar). STATUS: Two-year bill. Senate Revenue and Taxation.

-- SB 675 (Greene) clarifies property tax treatment of parent-child property transfers (sponsored by State Bar). STATUS: Chapter 709, Statutes of 1993.

CONSOLIDATION OF TAX AGENCIES -- This is the budget-related proposal combining the Board of Equalization and the Franchise Tax Board. The committee will be hearing measures addressing this proposal.

**Outcome: AB 15 (Klehs) would abolish the Franchise Tax Board and transfer its powers and duties to the State Board of Equalization. STATUS: Two-year bill. Senate Revenue and Taxation.**

REVENUE-RAISING PROPOSALS -- Inevitably, part of the Budget discussions will be revenue-raising proposals. The committee will hear these measures as well as proposals to implement tax increase proposals at the local government level.

**Outcome: No action taken.**

# TOXICS AND PUBLIC SAFETY MANAGEMENT

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Chair: Senator Charles Calderon  
Consultants: Gordon Hart and Michael Burns

## Issues

SUPERFUND -- Committee plans to re-evaluate the Superfund. An informational hearing is scheduled for March 8.

**Outcome:** Following the hearing, two bills were introduced by the Chair. An Assembly measure, AB 2061 (Umburg), was signed into law:

-- SB 1086 (Calderon) would allow delegation of clean-up oversight to public agencies or private site managers and SB 923 (Calderon) would make procedural changes to Superfund liability rules. These bills are designed to eliminate gridlock in Superfund usage. STATUS: Two-year bills. Double referrals to Assembly Toxics and Assembly Judiciary.

-- AB 2061 (Umburg) will establish a procedure for a responsible party to have a single agency declared as the lead agency. This agency will make a determination, based upon an agreed-to set of criteria, as to when a Superfund site meets clean-up standards. STATUS: Chapter 1184, Statutes of 1993.

DEPARTMENTAL OVERSIGHT -- Several oversight hearings on the departments, i.e., Toxics, DHS, OES, Water Board, are scheduled for this year.

**Outcome:** Four joint hearings with the Assembly were held. Many of the major bills authored by the Chair and listed under the issues sections grew out of testimony given at these hearings.

REGULATORY REFORM -- Legislation to streamline the permit process will most likely be brought before the committee this year.

**Outcome:** Several bills were introduced:

-- SB 1082 (Calderon) will reduce regulatory costs by requiring CAL-EPA to coordinate with county agencies to develop a county-wide unified hazardous materials regulatory program. Further, the bill will require CAL-EPA to develop a fee accountability system and require oversight of new

environmental regulations on business by the Secretary of Trade and Commerce. STATUS: Chapter 418, Statutes of 1993.

-- AB 1777 (O'Connell) would eliminate duplication between the uniform fire code and the health and safety code. STATUS: Chapter 1126, Statutes of 1993.

-- AB 2060 (Weggeland) creates a special approval process for new environmental technologies. STATUS: Chapter 412, Statutes of 1993.

-- AB 1451 (Umberg) requires the Office of Emergency Services to adopt a single comprehensive hazardous material reporting form for businesses to submit to administering agencies for the purposes of reporting hazardous material inventories. STATUS: Chapter 630, Statutes of 1993.

CREATION OF AN OFFICE OF POLLUTION PREVENTIONS -- There is some discussion of creating an overall multimedia, i.e., Air, Land, and Water, pollution prevention office.

**Outcome:** Senator Calderon introduced SB 1087 to combine and consolidate some of the activities of current agencies. STATUS: Two-year bill. Assembly Inactive file. Next year it will be amended to make it more specific.

WARD VALLEY -- Most likely the issue of siting for nuclear waste dumps will be heard by the committee, as well as more specific legislation on the Ward Valley site.

**Outcome:** A hearing was held on Ward Valley by the committee. The focus of the siting discussions have now changed to the federal government. However, there were two relevant bills:

-- AB 437 (Sher) deals with liability for low-level radiation waste disposal. STATUS: Two-year bill. Stalled in Appropriations.

-- AB 1786 (Bowen), relating to tritium recovery, would have required those generating low-level radioactive waste to recover and reuse tritium, and thus minimize the impact of low-level radioactive waste on public health and safety. STATUS: Vetoed.

UNDERGROUND STORAGE TANKS -- Legislation to deal with further clean-up of these sites will most likely be an issue this year.

**Outcome:** There were three major Assembly bills in this area:

-- AB 1061 (Costa) alters the eligibility requirements and changes the priority system for use of the Underground Tank Clean-Up Fund. It guarantees that each category, i.e., residential, small, medium, and large businesses, receive funding in each reimbursement cycle. STATUS: Chapter 432, Statutes of 1993.

-- AB 131 (Hauser) would have changed the collection site for fees for the Underground Storage Tank Clean-Up Fund. Currently fees come from tank owners. This legislation would have changed the collection site to the refineries. STATUS: Vetoed.

-- AB 2040 (Weggeland) will give priority for receiving loans from the tank clean-up loan program operated by the Department of Commerce to California-based small business tank owners. STATUS: Chapter 431, Statutes of 1993.

# TRANSPORTATION

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Chair: Senator Quentin Kopp  
Consultants: Mehdi Morshed and Steven Schnaidt

## Issues

VEHICLE INSPECTION -- New federal law requires smog check programs to be more centralized than the program currently in place in California. Most likely major legislation will be introduced by Senator Presley, based on a report issued by the Inspection and Maintenance Review Committee to implement the federal law in California.

**Outcome:** Senator Presley introduced SB 119, a centralized inspection system, to comply with the federal standards regarding air quality. The bill was defeated in this committee. Senator Russell introduced SB 1195 which was approved by the committee after hearing the results of a Senate-sponsored critique of federal requirements by the Rand Corporation. A refined version of the latter bill was placed in another vehicle, SB 629 (Russell/Katz) in Assembly Transportation. This bill would enhance the current decentralized system for smog checks and contains many provisions that are similar to those contained in SB 119. The federal EPA found this approach unacceptable but agreed to give California additional time to work out a solution before imposing sanctions. STATUS: Two-year bill. Senate Floor. This issue, one of the most contentious to come before the Legislature this past year, will be revisited in January.

TRANSPORTATION FUNDING -- With the failure of Proposition 156, part of the transportation bond package, there will be a problem funding projects that have been programmed to begin in 1995. This is not a problem this year, but needs to be resolved prior to 1995.

**Outcome:** SB 1256 (Presley/Kopp) was introduced but no action was taken.  
STATUS: Two-year bill. Senate Transportation.

HIGH SPEED RAIL -- The development of a high speed rail program for intercity travel in California most likely will come before the committee this year.

**Outcome:** SCR 6, enacted this year, requests Caltrans, through the Intercity High Speed Rail Commission, to develop a plan for high speed rail corridors throughout the state. The plan must be submitted to the Legislature by December 31, 1995.  
STATUS: Resolution Chapter 56.

TRANSIT DISTRICT FOR THE CENTRAL VALLEY -- Senator Dan McCorquodale plans to introduce legislation to establish a transit district akin to LACTC or MTC for the valley.

**Outcome:** SB 875 (McCorquodale) was introduced but no action was taken.  
**STATUS:** Two-year bill. Senate Transportation.

## New Issues

Several issues not listed in the Forecast proved to be important. These are listed below:

-- SB 100 (Kopp) -- Smog Check Waiver for New Vehicles: A voluntary payment of a waiver fee would have exempted a vehicle from its first smog check. Revenues would have gone to scrap or repair gross-polluting vehicles and help purchase new low-emission vehicles. **STATUS:** Vetoed.

-- SB 40 (Kopp, Ayala, Boatwright, Hayden, Rosenthal, Thompson, and Torres) -- Public Expenditure Prohibitions: Would have prohibited allocation of state transportation funds to local agencies who had not adopted restrictions on honoraria, gifts, salaries, club memberships, etc. **STATUS:** Vetoed.

-- SB 976 (Alquist) -- Drivers' Licenses: Citizenship/Legal Residency: Requires applicants for original drivers' licenses or identification cards to prove legal presence in the United States. Prohibits documents' issuance without such proof. **STATUS:** Chapter 820, Statutes of 1993.

-- AB 153 (Tucker) -- Pickup Truck Passengers: Bans passengers from the cargo area of a pickup truck unless secured by an approved restraint system. **STATUS:** Chapter 895, Statutes of 1993.

-- AB 2268 (Caldera) -- Children's Bicycle Helmets: Requires children under the age of 18 to wear an approved bicycle helmet when on a bicycle on any public street or path. Imposes fines for violations and makes parents jointly liable for same. **STATUS:** Chapter 1000, Statutes of 1993.

# VETERANS AFFAIRS

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Chair: Senator Don Rogers  
Consultant: David Grafft

## Issues

CAL-VET HOME AND FARM LOAN PROGRAM -- Last year Senator Rogers introduced SB 1736, legislation making certain changes in the CAL-VET home and farm loan program. He plans to introduce legislation to make further changes in the program. These changes include the following:

Currently other states may give veterans a bonus upon honorable discharge from the service. This currently disqualifies them for CAL-VET loans. Legislation will be introduced to lift this bar.

Veteran are currently eligible for only one CAL-VET loan. Rogers will introduce legislation to allow them to receive a loan on another property if the first loan has been repaid.

**Outcome: SB 603 (Rogers) gives more flexibility in the Cal-Vet Home and Farm Loan Program. It will allow veterans to apply for a second Cal-Vet loan if their first loan has been paid off and it will remove current restrictions that prohibit veterans who have received a bonus from another state from using the Cal-Vet loan program. STATUS: Chapter 1066, Statutes of 1993.**

UPDATING CODE -- A bill will be introduced to amend current language in the Military and Veterans Code which restricts California-offered veterans' benefits to those who were California residents at the time they entered the service. This is to bring the Code into agreement with the recent Del Monte decision.

**Outcome: These provisions were included in SB 603.**