



7/13/2020

item 6A & 6B



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CITY OF SANTA CLARA CALIFORNIA
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THE MISSION CITY

2020 Q1 and Q2 Legislative
Update & AB 398

Items 6A & 6B
RTCs # 20-649 and 20-612

July 13, 2020

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Agenda

- Legislative Update for Q1 and Q2 (Item #6B, RTC 20-612)
- Action on Request for Support for AB 398 (Item #6A, RTC 20-649)

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POST MEETING MATERIAL

1

Status of Legislative Session

- Assembly and Senate return from Summer Recess on July 13th.
- Key remaining deadlines:
 - July 31st Last day for Policy Committees to pass fiscal bills
 - August 7th Last day for Policy Committees to pass non-fiscal bills
 - August 14th Last day for Fiscal Committees to pass bills
 - August 31st Legislature Adjourns Session
 - October 1st Last day for the Governor to act on bills

2020 Q1 and Q2 Legislative Update

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State Budget

- Legislature and Governor approved FY 2020-21 State Budget on June 29th
 - Addresses a \$54 billion budget deficit through a combination of cuts, fund deferrals, temporary revenue increases
 - Some of the cuts will be rolled back if the State receives additional resources from the federal government
- CARES Act
 - The Budget contains CARES Act funding for cities to help offset costs related to COVID-19
 - Santa Clara will receive approximately \$1.57 million
- Excess ERAF
 - Modifies the county excess ERAF calculations. Applies the calculations to 2019-20, which will lessen the impacts from the original May Revise proposal that would have applied the calculations for two years, with civil penalties.

2020 Q1 and Q2 Legislative Update

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COVID-19 Legislation

- AB 398 (Chu) – Local Government and School Recovery Relief Act
 - Would implement a temporary head tax on large businesses to provide revenue to schools and public agencies.
- SB 1159 (Hill) – Workers Compensation for Critical Workers
 - Creates rebuttable presumption that illness or death related to COVID-19 is an occupational injury and therefore eligible for workers' compensation benefits.
- SB 1410 (Caballero)
 - Creates a tenant-towner COVID-19 eviction relief agreement, restricts rental property owners from evicting tenants for unpaid rent accrued during the state of emergency, and allows a tax credit to owners that defer rent for tenants in connections with the COVID-19 pandemic.

2020 Q1 and Q2 Legislative Update

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Housing Legislation

- Senate Democrats Housing Package
 - SB 899 (Wiener)
 - SB 902 (Wiener)
 - SB 995 (Atkins)
 - SB 1085 (Skinner)
 - SB 1120 (Atkins)
 - SB 1385 (Caballero)
- Assembly Efforts
 - AB 725 (Wicks)
 - AB 2345 (Gonzalez)
 - AB 1279 (Bloom)
 - AB 3300 (Santiago)
- Mitigation Fees – Legislation not advancing this session

2020 Q1 and Q2 Legislative Update

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Public Safety

- AB 291 (Chu) – Local Emergency Preparedness and Hazard Mitigation Fund
 - Establishes a new state fund to support staffing, planning and other mitigation projects to help local governments become better prepared for disasters.
- AB 1185 (McCarty) – Sheriff Oversight Board
 - Authorizes counties to establish sheriff oversight boards, either by action of the board of supervisors or through a vote of county residents.
- AB 1196 (Cooper) – Peace Officers: use of force
 - Would prohibit a law enforcement agency from authorizing the use of a carotid restraint or a choke hold.
- Social Equity and Justice Legislation

2020 Q1 and Q2 Legislative Update

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Water and Sustainability

- AB 1672 (Bloom) – Nonwoven disposable products
 - Requires labels indicating that a product should not be flushed on specified nonwoven disposable products, such as diaper wipes, household cleaning wipes, and personal care wipes.
- AB 3005 (Rivas) – Leroy Anderson Dam and Reservoir
 - Expedites permitting and contracting requirements in order to facilitate the replacement of the Leroy Anderson Dam and Reservoir
- AB 3256 (Garcia)/SB 54 (Allen) – 2020 Natural Resources Bond
 - Places a \$6.98 billion general obligation bond on the November 3, 2020, statewide ballot for voter approval to finance projects for economic recovery, wildfire prevention, safe drinking water, climate resilience, drought preparation and flood protection.
- SB 1386 (Moorlach) – Local Government: assessments, fees, and charges: water
 - Provides that fire hydrants are a part of water service for the purposes of Proposition 218.

2020 Q1 and Q2 Legislative Update

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Recommendation

- Note and file 2020 Q1 and Q2 Legislative Update.

2020 Q1 and Q2 Legislative Update

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***Action on Request for Letter of Support for
AB 398: COVID-19 Local Government and
School Recovery and Relief Act
Item # 6B, RTC 20-649***

AB 398

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Request for Support for AB 398

- The City of Santa Clara has received a request from Office of Assembly Member Kansen Chu to support AB 398; COVID-19 Local Government and School Recovery and Relief Act, which will be considered by the State Senate after they return from recess on July 13, 2020.

AB 398

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AB 398

- Aims to provide financial relief to counties, cities and schools in the wake of the COVID-19 pandemic.
- Will impose a \$275 per employee tax on large businesses in California from 2021 through 2026.
- Defines a large business as “a for-profit, private entity, including, but not limited to, a limited liability company, corporation, or limited liability partnership, that has more than 500 employees that perform any part of their duties within the state.”

AB 398

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Distribution of AB 398 Funding

- Funds will be distributed by the Controller to counties, cities and schools based on the proportion of employees of large businesses in the area, based on the following breakdown:
 - 20% of funding would go to the County,
 - 30% would go to cities (based on the number of employees counted that perform work in that city), and
 - 50% would be distributed to school districts within the County.
- Controller is allowed to use up to 5% of the moneys deposited in the fund to cover its costs to administer the program.

AB 398

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Considerations

- AB 398 aligns with the City's COVID-19 Legislation LAP.
- Based on City records, there are 43 businesses that self-reported employing 500+ employees in Santa Clara at the time of filing their business licenses (Attachment 4).
- If passed in its current form, the imposed tax would generate an estimated \$7,774,408 for the City. This amount may fluctuate depending on a couple factors:
 - Does not include tax for employees in Santa Clara working for large businesses with 500+ employees statewide.
 - Number of employees for large businesses in Santa Clara may have fluctuated since filing of business license.

AB 398

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Other Considerations

- The COVID-19 Pandemic has financially impacted individuals, government entities, and businesses in all sectors.
- There may be unintended implications with imposing an additional tax on large businesses as proposed by AB 398.
- The bill has not been heard in an Assembly Committee yet and may be subject to further changes.

AB 398

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Council Action

- Office of Assembly Member Kansen Chu has requested that the City of Santa Clara send a letter in support of this legislation.
- A draft letter has been prepared and is attached to the report (Attachment 5).
- Given the bill's complexity and combined favorable impact to Santa Clara revenues and unfavorable impact to Santa Clara businesses, staff felt that legislation of this magnitude required Council discussion.

AB 398

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Alternatives

1. Authorize Mayor Gillmor to sign and submit the letter of support for AB 398 on behalf of the City Council;
2. Do not authorize Mayor Gillmor to sign and submit the letter of support for AB 398 on behalf of the City Council; or
3. Take no action on the AB 398 support letter.

Staff has no recommendation on this item.

AB 398

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Questions?



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