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**To:** East Contra Costa Fire Protection District  
**From:** Townsend Public Affairs  
**Date:** December 7, 2018  
**Subject:** Legislative Monthly Report for East Contra Costa Fire Protection District—  
November 2018

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**State Political Update**

With the election results being certified on December 7, members of the Senate and the Assembly returned to Sacramento on December 3 for official swearing in ceremonies and the start of the 2019-2020 legislative session. 17 new members were sworn in for their first terms in office. The Senate welcomed nine new members (six Democrats and three Republicans) while the Assembly welcomed eight new members (seven Democrats and one Republican). December 3 was also the first day that legislation can be officially introduced in the 2019-2020 legislative session.

Various legislative proposals were introduced December 3 including AB 11 by Assemblymember Chiu which to create agencies that would use tax increment financing to fund affordable housing and infrastructure projects. This bill takes a similar approach to the tax increment financing structure used by the former redevelopment agencies (RDAs) that were dissolved due to state budget constraints. Wildfire prevention will be one of the main topics of discussion when the Legislature returns in January. TPA will continue to keep the District updated on all legislation that relates to fire management.

Below is a list of upcoming dates in the Legislature:

- **January 7** – Legislature Reconvenes
- **January 10** – Governor’s January Budget Request Due

**Election Update**

As most polls predicted, the race for Governor was not a close contest and Gavin Newsom was elected by a double-digit margin. On January 7th, Governor-Elect Newsom will be sworn into office as the 40<sup>th</sup> Governor of California, however, he has begun working with Governor Brown immediately to help ensure a smooth transition. Prior to his swearing in, Governor-Elect Newsom will put his key staff into place, begin the process of installing personnel in State agencies and departments, as well as work to provide details for the policy agenda that he will pursue in 2019. It is unlikely that the Governor-Elect will look to unwind many of the policies put into place by his

predecessor, but instead he will likely look to craft new policies to address issues of affordable housing, homelessness, and income inequality.

In addition to the race for Governor, voters cast ballots for the seven other State Constitutional offices. Two races that were anticipated to be close contests were the offices of Insurance Commissioner and State Superintendent of Public Instruction. The Insurance Commissioner race attracted significant attention, as it represented the first time that a candidate with a No Party Preference designation had advanced through the top two primary for statewide office. State Senator Ricardo Lara defeated No Party Preference candidate Steve Poizner (52.8% - 47.2%). Insurance Commissioner-Elect Lara will represent the first openly gay candidate to be elected to statewide office. Lara received strong backing from traditional Democratic supporters, including organized labor who have been supportive of Lara's efforts to advance single-payer health care in California.

The contest for State Superintendent of Public Instruction also garnered substantial attention, as the race is a key part of the ongoing power struggle between school reform advocates and public teacher unions. Former Los Angeles charter school executive Marshall Tuck, who also ran for the Superintendent position in 2014, was defeated by Assembly Member Tony Thurmond (50.9% - 49.1%). Assembly Member Thurmond's strong union support was enough to overcome Tuck's support from charter school advocates and endorsements from such national education figures as former U.S. Secretary of Education Arne Duncan.

In the Legislature, voters cast ballots for all the members of the Assembly and half of the members of the Senate. Going into Election Day, Assembly Democrats who already held a  $\frac{2}{3}$  super-majority picked up five additional seats. The makeup of the Assembly going into 2019 will be 60 Democrats and 20 Republicans.

In the State Senate, the Democrats went into the election needing to pick up one seat to secure a  $\frac{2}{3}$  super-majority. Both the Senate Democrats and Senate Republicans focused most of their efforts on three seats: SD 12, SD 14, and SD 34. Senate District 12, previously held by termed-out Senator Anthony Cannella, was viewed by many as the Democrats best chance to pick up the seat they needed for the super majority. Democrat Anna Caballero defeated Republican Rob in SD 12, while Democrat Melissa Hurtado beat incumbent Republican Senator Andy Vidak in SD 14.

In Southern California, SD 34 proved to be the longest lasting contest. Incumbent Senator Janet Nguyen was defeated by Democrat Tom Umberg by a slim margin due to a large voter turnout and the increased use of vote by mail and provisional ballots. Democrats currently hold 29 seats in the Senate while Republicans hold 11.

The Democrats currently hold a super-majority in both the Senate and the Assembly and will be able to approve tax measures, bills with urgency clauses, and place measures on the ballot without any Republican support.



## Cap and Trade Auction Results

In November, the California Air Resources Board (CARB) conducted their fourth Cap and Trade auction of the year. For the sixth auction in a row, all available emission credits were sold. The State expects to receive **over \$800 million** from the November 2018 auction.

Revenues generated from the Cap and Trade program currently go toward the Governor Brown's High-Speed Rail project, various transportation improvements, affordable housing, and sustainable community programs. 40 percent of the revenues are available for future appropriation for projects that will reduce greenhouse gas emissions. In 2019, Governor Newsom is expected to release his draft 2019 Cap and Trade expenditure plan which will outline his plan for spending revenues in the Greenhouse Gas Reduction Fund. It is possible that Governor Newsom will take this opportunity to introduce an expenditure plan of Greenhouse Gas Reduction Funds that will shift the conversation toward his priorities.

The next Cap and Trade auction will occur in February 2019.

## Federal Legislative Update

The month of November was dominated by the midterm elections, leadership elections, and new committee assignments. November also brought about a slow start to the lame duck session as several nominations and pieces of legislation were considered.

### Midterm Election Results

#### *Senate*

Incumbent U.S. Senator Dianne Feinstein defeated State Senator Kevin De Leon, though by a slimmer voting margin than expected (54.3% - 45.7%). This will likely be Senator Feinstein's final six-year term, having served in the U.S. Senate since 1992. While this race did not impact the overall political makeup of the U.S. Senate, it solidifies the Democratic hold on the seat and retains Senator Feinstein's seniority which is crucial for impactful action in the Senate.

Contests in other states provided Republicans with continued control of the Senate. The special election of Cindy Hyde-Smith in late November gave the Republicans a six-seat advantage.

The increased Republican majority in the Senate will ensure that President Trump's nominees will continue to get a friendly reception in Congress, since the Senate is the only chamber that must approve Presidential nominees. Furthermore, a larger majority means that Republicans can afford to lose more of their own party's votes on crucial items like judicial nominations—before they must try to get votes from Democrats crossing the aisle. Over the next two years, expect to see President Trump announce more nominations, including nominees who are more conservative or controversial. In the coming weeks and months, expect to see changes in the Cabinet—rumors have circulated of imminent Trump Administration departures, which may be more numerous now that President Trump has more control over their replacements.

#### *House of Representatives*

Now that all races have been tallied, Democrats have flipped 40 seats in the House of Representatives, 17 more than the 23 seats they needed to take control of the chamber. The implications of the change in House majority are significant and will be evident next year.



Democrats will now comprise all House leadership, including Speaker of the House, Majority Leader, Majority Whip, and appropriate deputies. After the Democratic Caucus selected current Minority Leader Nancy Pelosi (D-CA) as their nominee for Speaker, it is likely she will return to hold the Speaker's gavel once again after a full House vote on the floor.

House leadership also controls what legislation receives floor votes and when. Although Republicans will still control the Senate, Democrats will be able to control the ideological perspective of bills they send to the Senate for consideration and whether Senate-approved bills receive a vote on the House floor. Expect this to manifest during the appropriations process, where the Democrats will have a better negotiating position for higher funding for their priorities.

Democrats will also have control over committees, allowing them to choose hearing topics and decide which bills receive markups. Although the Senate can still kill any House legislation, committee leadership gives Democrats the power, budget, staff time, and resources to set the narrative on a variety of topics. Possibly most influential, Democrats on relevant committees will also have investigative power, which they will almost certainly use to investigate Trump Administration officials and try to protect Special Counsel Robert Mueller.

Expect the Trump Administration to continue to pursue the policy priorities Republicans were not able to pass in the last Congress, including additional tax cuts for the middle class, stricter immigration laws, and increased funding for a wall along the southern border with Mexico.

### Budget and Appropriations

President Trump has signed 5 of the 12 federal appropriations bills for Fiscal Year (FY) 2019 into law. He also signed a continuing resolution, which extended FY 2018 funding levels for remaining authorized programs through December 7, 2018.

Now that the midterms have finished, the House and Senate need to finish work on the remaining 7 bills (Agriculture; Commerce, Justice, Science; Financial Services; Homeland Security; Interior-Environment; State-Foreign Operations; Transportation-Housing and Urban Development).

Due to differences between the House and Senate versions of these remaining bills, congressional leaders must work to resolve these variations before they can be sent to the White House for the President's signature. Of the remaining bills, the Homeland Security bill is the most controversial due to disagreements on immigration and border security spending. It is the only bill that has not received a vote on the House or Senate floor.

TPA continues to work with congressional leaders to advocate for priority programs as they work to finalize these funding levels.

### Farm Bill Deal Reached

On November 28, top lawmakers reached a tentative deal on reauthorization of Farm Bill programs after abandoning work requirement provisions for food stamp recipients demanded by President Trump and House conservatives. Congress is expected to take up the legislation as early as the first week of December.

While authorization of these programs expired on September 30, continued funding for most programs would not lapse until December without reauthorization. The Farm Bill would authorize



nearly \$1 trillion for nutrition assistance, commodity support, crop insurance, conservation, farm credit, rural development, forestry, horticulture, trade programs over five years.

### Federal Official Named to Oversee California Water Supply

On November 21, the Trump Administration announced that the Department of the Interior would be the lead agency charged with examining water supply and delivery issues in California that have a federal component. Subsequently, the Bureau of Reclamation announced that Fish and Wildlife Service Regional Director Paul Souza would be the federal official in charge of accelerating environment reviews, reducing regulatory burdens, and promoting water reuse where applicable. TPA will continue to monitor the Administration's efforts and how they affect California's water supply.

### Land and Water Conservation Fund

Now that the midterm elections are over, Congress is continuing to debate whether to extend the Land and Water Conservation Fund (LWCF) or make it permanent.

As a reminder, the Fund's authorization to receive \$900 million in annual deposits expired September 30. The Fund supports conservation and recreation on state and federal land, including land acquisition and grants to aid state outdoor recreation planning and development.

Despite pending stand-alone proposals in the House and Senate to permanently extend the LWCF, it is more likely that a reauthorization measure will be included on an end-of-year spending package.

The LWCF was last extended for three years under the fiscal 2016 omnibus spending law, which appropriated \$450 million from the fund for its authorized activities.

Senator Murkowski (R-AK) has long pushed a public lands bill that could include a Land and Water Conservation Fund reauthorization. After she meets with her counterparts in the House Natural Resources Committee to discuss strategy, it is possible that we may see last-minute action before the end of the 115<sup>th</sup> Congress.



2019 Legislative Matrix

Bill Number	Author	Summary	Position
AB 11	Chiu	AB 11 would allow cities and counties to create agencies that would use tax increment financing to fund affordable housing and infrastructure projects. This bill takes a similar approach to the tax increment financing structure used by the former redevelopment agencies (RDAs) that were dissolved during the Great Recession due to state budget constraints.	
AB 19	Waldron	Under current law, the Department of Forestry and Fire Protection is required to develop, implement, and administer various forest improvement and fire prevention programs in the state. Current law provides that the burning of growing, dead, or downed vegetation is for a public purpose if the department has determined that the burning of that vegetation is necessary for the prevention or suppression of forest fires. This bill would make a nonsubstantive change in that provision relating to the burning of vegetation.	
AB 38	Wood	Would require, no later than July 1, 2020, the State Fire Marshall to develop, and the California Building Standards Commission to review, building standards for buildings in very high fire hazard severity zones. The bill would require, beginning on July 1, 2020, all newly constructed buildings and all transferred buildings in very high fire hazard severity zones to comply with the building standards. By requiring new building standards for buildings in very high fire hazard severity zones, this bill would expand the definition of a crime and impose a state-mandated local program.	
AB 41	Gallagher	The California Disaster Assistance Act provides that the state share for disaster project allocations to local agencies is no more than 75% of total state eligible costs, except for specified events for which the state share is up	

		to 100% of state eligible costs. This bill would provide that the state share is up to 100% of total state eligible costs connected with the Camp Fire that started on November 8, 2018, in the County of Butte.	
AB 42	Gallagher	Would state the intent of the Legislature to enact legislation that would provide for state allocations with respect to property tax revenue reductions resulting from reassessments for damages incurred within the County of Butte due to the 2018 Camp Fire.	
SB 45	Allen	Would enact the Wildfire, Drought, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance projects to restore fire damaged areas, reduce wildfire risk, create healthy forest and watersheds, reduce climate impacts on urban areas and vulnerable populations, protect water supply and water quality, protect rivers, lakes, and streams, reduce flood risk, protect fish and wildlife from climate impacts, improve climate resilience of agricultural lands, and protect coastal lands and resources.	
SCA 3	Hill	The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, “full cash value” is defined as the assessor’s valuation of real property as shown on the 1975–76 tax bill under “full cash value” or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. The California Constitution specifies various transfers that are not deemed to be a “purchase” or “change in ownership” of a property for these purposes, including the purchase or transfer of a principal residence from parents to their children, or, under certain circumstances, from grandparents to their grandchildren, and the purchase or transfer of the first \$1,000,000 of	



		the full cash value of all other real property transferred from parents or grandparents to their children or grandchildren. This measure would limit the above-described \$1,000,000 exclusion for purchases or transfers of real property other than a principal residence to purchases or transfers of nonresidential real property.	
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