

Smith, Watts & Hartmann, LLC.

Consulting and Governmental Relations

MEMORANDUM

TO: Transportation, Water, and Infrastructure Committee
c/o John Cunningham

FROM: Mark Watts

DATE: June 29, 2018

SUBJECT: July Sacramento Report

This memo provides an update on statewide ballot matters and a brief updates on the State Budget and Iron Horse Trail.

Ballot Issues

Proposition 69 and Status of SB 1 Repeal Initiative – Status Update

Proposition 69 Transportation Lockbox – The COALITION TO PROTECT LOCAL TRANSPORTATION IMPROVEMENTS (CPLTI) was successful in its support for this measure on the June 2018 ballot.

Proposition 69 passed with 81% of the statewide vote.

SB 1 Repeal Initiative – On June 25, 2018, the Secretary of State announced that the SB 1 Repeal Initiative was eligible for the November 6, 2018, General Election ballot, by virtue of exceeding the minimum required petition signatures through the random sampling method. The formal certification will occur on June 28; updated ballot label wording and fiscal analysis will be made public later in July.

Proposition 68

Proposition 68, the Parks, Environment, and Water Bond, on the statewide ballot in June 2018 was approved by 57% of statewide voters.

This bond act authorizes \$4 billion in general obligation bonds for state and local parks, environmental protection and restoration projects, water infrastructure projects, and flood protection projects.

The next steps will include adoption of administering guidelines by the Agency, and appropriations from the bond provisions of the act have been included within the 2018 Budget Act.

Initiative to Require Supermajority Vote to Enact New Taxes

This measure, sponsored by the California Business Roundtable was intended to qualify for the November 2018 General Election Ballot. It sought to tighten state law on state, local government and local initiative vote threshold requirements for new taxes:

State - broadens definition of state taxes that would require approval by two-thirds supermajority vote of the Legislature

Local Governments - requires two-thirds approval of electorate to raise new taxes or governing body to raise new fees

Local Initiative measures – by requiring a two-thirds vote of the electorate for all taxes, it would include those placed on the ballot through the initiative process (closes the potential Upland v. Cannabis loophole).

At this writing, the initiative proponents had collected sufficient valid signatures to qualify for the ballot but elected to not pursue the initiative after striking a legislative “deal” in the form of AB 1838 which prohibits local governments from imposing taxes on certain groceries, including “soda”.

The bill was approved by the legislature and the Governor on June 28.

State Budget approved June 27th

State Budget

The budget delivers the first full year of funding under Senate Bill 1 – the state’s Road Repair and Accountability Act – with \$4.6 billion in new transportation funding in 2018-19. The funding will repair city and county roads, state highways and bridges, fill potholes, ease congestion in busy trade and commute corridors and improve and modernize passenger rail and public transit.

Transportation Trailer Bill

SB 848 and AB 1831 both make statutory changes in line with the state budget. One key provision for local governments in SB 848 would allow cities and counties to borrow from other internal city and county revenue streams and reimburse themselves with future year apportionments from SB 1 (Beall).

AB 1831 provides the framework for the expenditure of infrastructure funding that would begin to accrue after the Rainy Day (Proposition 2) fund is full; after funding improvements to the State Capitol, half of the any additional funding would be dedicated to the rail corridor improvements identified by the State Transportation Agency and the other half would be used for Multifamily Housing Programs.

Iron Horse Trail

Work through the collaboration with the County delegation continues to focus on how to structure a potential legislative solution. Meeting with the state legislative Counsel staff are continuing.