

**ALAMEDA COUNTY
BOARD OF SUPERVISORS'
PERSONNEL/ADMINISTRATION/LEGISLATION
COMMITTEE**

**Monday, December 4, 2017
1:30 p.m.**

**Supervisor Keith Carson, Chair
Supervisor Wilma Chan**

Location: **Board of Supervisors Chambers – Room 512 5th floor**
County Administration Building
1221 Oak Street, Oakland, CA 94612

Summary/Action Minutes

I. Federal Legislative Update – CJ Lake

The House and Senate are in session this week. Congress will have to vote on a government funding extension prior to the December 8th deadline. The House and Senate will also vote this week to go to conference on tax reform legislation in an effort to reconcile differences between both of their respective bills.

Tax Reform

Early Saturday morning, the Senate approved the Tax Cuts and Jobs Act on a vote of 51-49. Retiring Senator Bob Corker, who had concerns over increasing the deficit, joined all 48 Democrats in opposing the bill.

The House will vote later this evening on a motion to proceed to conference with the Senate. Senate leadership has not explicitly stated when they will hold their procedural vote but it is expected to be early this week. Although both versions of the legislation share common topline elements, negotiations on individual provisions inserted to win votes, particularly in the Senate, could be difficult. The Senate also wants to move as quickly as possible due to the pending special election in Alabama. As a result, they want a conference report finalized before the election results are certified (which could happen in late December/or drag to early January)

Senate Republican leadership continued to make changes to the text up until late Friday evening in order to secure enough votes. Some of the major provisions that were included in the Manager's Amendment are below.

Major Provisions in the Senate Manager's Amendment

- \$10,000 deduction for property tax (-\$148B) - *Now in line with the House language related to the SALT deduction*
- Raise pass-through deduction from 17.4% to 23% (-\$114B)
- Extension and phase-down of bonus depreciation (-\$34B)
- Expand two-year medical itemizer (-\$4.7B)
- Conformity of contribution limits for clergy pension plans (-\$1.7B)
- Increase the individual AMT exemption amounts and phase-out thresholds in lieu of full repeal (\$133B)
- Increase repatriation charges to 7% and 14% (same as the House bill) (\$97B)
- Maintain current corporate AMT (\$40B)
- Reconciliation instruction savings (approx. \$50B)

Some of the big issues we have been reporting on include:

- Both the House and Senate measures would cut the corporate tax rate to 20 percent from 35 percent - though the Senate version would set that lower rate in 2019, a year later than the House bill would.
- Also, the Senate bill, unlike the House version, would provide only temporary tax relief to individuals, ending tax cuts for them in 2026. The House bill would consolidate the current seven individual tax brackets to four, leaving the top tax rate at 39.6 percent. The Senate bill would have seven brackets -- with lower rates, and a top rate of 38.5 percent.
- Mortgage Interest -- the House bill would restrict the deduction to loans of \$500,000 or less with regard to new purchases of homes. The Senate legislation would leave the current \$1 million cap in place.
- The Senate bill includes a repeal of the ACA's individual mandate. The House bill does not.
- Senators approved a 23 percent tax deduction -- subject to certain limitations -- on business income earned from partnerships, limited liabilities and other so-called pass-through businesses. The House version would create a 25 percent tax rate for such business income -- with restrictions on which businesses could qualify. Small businesses would get extra relief under the House legislation as well.
- The Senate bill would increase the child tax credit to \$2,000 per child, up from \$1,000 today, and above the \$1,600 proposed in the House bill. The Senate bill also would expand who is eligible for the credit by increasing the income thresholds where the credit starts to phase out: To \$500,000 for married tax filers, up from \$110,000 today.

The Senate bill does maintain the tax exempt status of Private Activity Bonds (PABs) so a push will need to be made in conference that the Senate language is retained. It is the House language that would eliminate the tax exempt status of PABs that would effectively eliminate the 4% Low-Income Housing Tax Credits (LIHTC).

Appropriations

Congress has until this Friday to pass a bill to extend funding for the federal government. Majority Leader McConnell and Speaker Ryan have drafted a two-week continuing resolution (CR) that would extend funding through December 22 and would include some additional money for states that are running out of funds for the Children's Health Insurance Program (CHIP). The two-part plan is meant to appease defense hawks who have said they will not support a CR into January without at least a promise of elevated funding for the military. Leaders aim to settle on overall caps for defense and non-defense money by that Dec. 22 deadline. They would then pass another short-term CR which would give appropriators time to write their bills once they know topline spending numbers.

However, the wild card is that Republicans will definitely need Senate Democrats to support any deal and may need House Democrats as well depending on whether the House Freedom Caucus ultimately supports. President Trump has now invited the Democratic leaders to a meeting at the White House this Thursday to discuss a year-end deal. Recall, Democratic leadership did not attend the meeting originally scheduled for last week.

The "Big Four" will likely discuss a potential deal to raise defense and non-defense budget caps. Also on the agenda would be other year-end matters, including DACA, hurricane disaster aid and an extension of the expired Children's Health Insurance Program (CHIP).

CHIP

The CR currently includes language to direct more money to states that are running out of CHIP funding. In general, states can use their annual CHIP allotments for two years and unspent money can be redistributed to states with a shortfall. Five states (NC, AZ, Washington, CA, MN) received a redistribution as of October 31 and two of those states -- Arizona and Minnesota -- are projected to exhaust all available funding by the end of December. Twenty-nine states (this includes California) and D.C. could run out of money by the second quarter of FY18 and remaining states by the end of the fiscal year. About \$3 billion is available for redistribution in FY18, including amounts already provided, which is short of the \$13 billion needed for the year. When that happens, funds are prorated based on a state's portion of overall CHIP funding.

The measure would provide “emergency shortfall states” that run out of money, including the redistributed funds already provided, in the first quarter of FY18 with the full funding needed, instead of the prorated amount. They also would receive money before other shortfall states. The measure also would allow “qualifying states” -- those that expanded Medicaid to cover CHIP-eligible children before CHIP was enacted -- to receive redistributed funds. Authority for the qualifying state option expired Sept. 30.

DACA

Democrats are threatening to withhold their support on the continuing resolution as a way to leverage action on passage of the DREAM Act.

Majority Leader McConnell believes Democrats would be mistaken to advocate for a shutdown over the DACA issue. He said that “there’s no emergency” as President Trump provided Congress with a 6-month window to address a permanent solution for DREAMers and would rather Congress take up the legislation in the new year.

Gun Legislation

House Republican leadership is preparing to move forward on a package of gun-related bills this week. The package would include the Concealed Carry Reciprocity Act, a partisan bill supported by the National Rifle Association that would allow gun owners who have a concealed-carry permit in one state to take their weapon into any other state that issues such permits. Democrats are concerned it would violate states’ rights particularly the power of local jurisdictions that enforce stricter permit requirements than others. In addition, the legislative package would include a bipartisan bill aimed at improving the National Instant Criminal Background Check System (NICS). That legislation would increase how often states and federal agencies report offenses that would legally prohibit individuals from buying firearms. The package would also include a provision that would seek the opinion of the Attorney General about whether current criminal law already allows for more severe sentences for those who use “bump stocks” in the commission of a crime.

The Senate Judiciary Committee will hold a hearing on Wednesday entitled, “Firearm Accessory Regulation and Enforcing Federal and State Reporting to the National Instant Criminal Background Check System (NICS)”.

Purpose:

- Report progress
- Advocacy or Education
- Request PAL_Committee Recommendation or Position
- Other: Federal legislative update**

Request for Legislation position – Action Item

- i. [Resolution of the Board of Supervisors of the County of Alameda Requesting the Federal Aviation Administration Address Increased Aircraft Noise in Alameda County](#)

Recommendation: Support and Recommend to the full Board of Supervisors for adoption:
Nate Miley, District 4, Board of Supervisors

Purpose:

- Report progress
- Advocacy or Education
- Request PAL_Committee Recommendation or Position**
- Other:

Recommendation from PAL Committee: Support. Move to the full Board of Supervisors.

II. State Legislative Update – Brownstein Hyatt Farber Schreck

Although the Legislature is on interim recess until January 3, 2018, a heavy spotlight remains on the capitol. Numerous allegations of sexual harassment and assault have engulfed the entire focus of the Legislature and Capitol community. Since the first of the allegations arose, members of the Legislature have either resigned or have been removed from leadership. These members include Senator Tony Mendoza, who was stripped of his Chairmanship of the Senate Insurance, Banking and Financial Institutions Committee, and Assemblymember Raul Bocanegra, who resigned from the Legislature after six women came forward with allegations against him. This will consume much of the Legislature's attention and energy in 2018, as well as create inevitable shifts in its makeup and leadership roles.

PPIC Survey: Californians and Their Government

The Public Policy Institute of California (PPIC) recently conducted a statewide survey looking at Californians' preferences and views on their current government, including preferences in the 2018 Governor and U.S. Senate races, candidate favorability levels, approval of state and federal elected officials, and views on issues such as federal tax reform, immigration policy and our two major political parties. Below are some of the key findings of the survey, as highlighted by PPIC:

- In California's Governor race, Democrats Gavin Newsom and Antonio Villaraigosa lead among likely voters – but three in ten voters are still undecided. In the U.S. Senate race, Dianne Feinstein has a two to-one advantage over fellow Democrat Kevin de León.
- A majority of Californians oppose federal tax proposals and an overwhelming majority support allowing undocumented immigrants to stay in the country.
- Majorities see single-payer health insurance and a repeal of the recently enacted gas tax as important potential ballot measures.

Hearing on Universal Healthcare

Back in August, as you may recall, Assembly Speaker Anthony Rendon called upon the Assembly Select Committee on Health Care Delivery Systems and Universal Coverage to begin holding hearings and developing new plans for achieving universal healthcare in California. On October 23 and 24, the committee held its first set of informational hearings on healthcare delivery systems in California and other countries. Next Monday, on December 11, the committee will hold its second hearing exploring the topic of universal coverage and cost containment efforts in the United States.

Briefing: California's Response to the Opioid Epidemic

Last week, the California Health Care Foundation (CHCF) held a briefing on California's Response to the Opioid Epidemic, to examine how government, health care providers, health plans, law enforcement and others throughout California have been working to respond to the crisis at the state and local level. According to CHCF, an estimated 50,000 Americans died of an opioid overdose in 2016 – significantly higher than opioid overdoses in 2015, which claimed 33,000 lives. The panel discussed collaborative approaches including promoting safer prescribing practices, expanding access to medication-assisted treatment for addiction, and improving communication between prescribers and providers.

Cap and Trade

The ARB recently presented the results from the November 14 cap and trade auction, which showed that all of the allowances sold, and with a closing price slightly higher than the last auction. 79.5 million allowances were purchased for the current compliance period. Buyers also purchased 9.7 million allowances for use in future years – the current price for emitting greenhouse gases in the state is now \$15.06 per metric ton.

Housing Webinars

Following the Governor's approval of the multi-billion dollar housing deal in 2017, counties can look forward to new funding opportunities for the construction of affordable housing but must also stay apprised of new obligations in local government planning and permitting as it relates to these housing developments. The California State Association of Counties (CSAC) will be hosting two webinars in December aimed at providing updates on new planning mandates and funding available to counties. Below is more information on each webinar:

- Opportunity: New Funding for Affordable Homes, Thursday, December 7, 2017, 10:00 AM – 11:00 AM
- Obligation: New Local Planning Requirements, Thursday, December 14, 2017, 1:30 PM – 2:30 PM

Purpose:

- Report progress
- Advocacy or Education
- Request PAL Committee Recommendation or Position
- Other:

III. Resolution to Endorse the Vision, Goals and Objectives of the Regional Comprehensive Economic Development Strategy

Recommendation: Support and Recommend to the full Board of Supervisors for adoption: Keith Carson, District 5, Board of Supervisors

Recommendation from PAL Committee: Support. Move to the full Board of Supervisors.

PUBLIC COMMENT

None.

Board of Supervisors' Committees agendas are available via Internet at: <http://www.acgov.org/>