

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

Monday, November 20, 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. The House will vote on their tax reform legislation later this week while the Senate will hold a Finance Committee markup of their respective tax reform bill.

Appropriations

The current Continuing Resolution (CR) is set to expire on December 8 and there is speculation that Congress may pass another CR pushing the funding deadline from December 2017 back to January or February of 2018.

Senate Democrats have also sent a letter to Office of Management and Budget (OMB) Director Mick Mulvaney requesting an additional supplemental appropriations bill aimed at providing disaster relief for communities impacted by the recent hurricanes and wildfires.

We expect the Administration to send another supplemental disaster appropriations request to Congress as early as this Wednesday to assist with recovery from the hurricanes and wildfires.

Tax Reform

The House Ways and Means Committee approved its Tax Cuts and Jobs Act (H.R. 1) Thursday on a party-line vote of 24-16. The full House is set to debate the legislation this week beginning on Wednesday and potentially through Thursday or Friday. A final vote on the bill is also expected to take place this week. House Republican leadership expects the legislation to pass despite several Republicans' opposition to language eliminating the SALT deduction for income and sales taxes.

The Senate Finance Committee is scheduled to begin marking up its respective bill this afternoon and will likely continue through the week. Committee members have filed over 350 amendments. Although timing for floor action is uncertain in the Senate, the bill could move as early as next week, but more likely the week after Thanksgiving. Senate leadership has not released the text of the legislation, but we expect a version to be released tomorrow. At this point, the draft does add to the deficit after the first ten years. Senate Republicans need to address this issue in order to use reconciliation because adding to the deficit violates the Byrd Rule.

Key Differences between the House and Senate Bills

- SALT:
 - House bill would *eliminate* the deduction for income and sales taxes; the deduction for property taxes would be capped at \$10,000 (corporations would still be able to fully claim the SALT deduction).
 - Senate draft includes a *full SALT repeal*.

- **Municipal Bonds:**
 - House bill would generally maintain the tax exemption for municipal bond interest (it would eliminate the exemption for bonds used to finance professional sports stadiums)
 - Senate draft maintains the tax exemption.

 - **Private Activity Bonds:**
 - House bill would eliminate the exemption on newly issued PABs. This provision would ultimately eliminate 4% LIHTC since it can only be claimed if 50 percent or more of the project is funded using tax-exempt PABs.
 - Senate draft would maintain the tax-exempt status of PABs.
- **According to the Community Finance Development Association, over 80 percent of all PAB issuances are for housing.
- **Advance Refunding Bonds:**
 - The House bill *and* Senate draft would eliminate the tax exemption for advance refunding bonds. Under current law, advance refunding allows counties to refinance outstanding bonds to take advantage of better terms and rates.

 - **Alternative Minimum Tax:**
 - Both bills would eliminate the alternative minimum tax (AMT). The tax is applied to earnings from a small percentage of municipal bonds sold by issuers, such as airports and housing authorities that have substantial private-activity components in their deals.

Ultimately, we expect the House and Senate to hold a conference committee in order to reconcile the differences between their two bills.

HHS Secretary Nomination

President Trump officially nominated Alexander Azar this morning to be the next Secretary of Health and Human Services. Azar previously served as HHS Deputy Secretary and as General Counsel during the George W. Bush Administration. More recently, he was a pharmaceutical executive at Eli Lilly. Azar is likely to face pointed questions from Senate Democrats skeptical of his pharmaceutical industry background and previous opposition to ideas aimed at reining in drug prices, like drug re-importation.

Purpose:

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

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

B. Request for Legislation position – Informational Item

i. H.R. 1 (Brady) Tax Cuts and Jobs Act

*Recommendation: **Oppose:*** Chris Bazar, Director, Community Development Agency
 Due to the urgent timing of HR1 Tax Cuts and Jobs Act, CJ Lake has taken immediate action to advocate on the County’s behalf as the subject is covered in the 2017 Legislative Platform

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

Sacramento has been relatively quiet this past week, given the upcoming holiday. Since last week, the following initiatives have been filed that may be of interest to Alameda County:

- Accountability in Managed Health Insurance Act
- California Care Act
- The People’s Fair Sentencing and Public Safety Act of 2018

Brownstein will continue to monitor ballot activity as it gets closer to 2018.

Legislative Analyst’s Office Annual Fiscal Outlook

The Legislative Analyst’s Office (LAO) released its annual fiscal outlook, which provides an assessment of California’s budget condition under current laws and policies. The outlook is positive heading into next budget year, though the LAO cautions excessive spending and urges saving.

Under the LAO’s current revenue and spending estimates, assuming the Legislature makes no additional budget commitments, the state would end the 2018-19 fiscal year with \$19.3 billion in total reserves, including \$7.5 billion in discretionary reserves or “surplus” that could be spent by the Legislature. The report also finds the Legislature will have an additional \$5.3 billion uncommitted school and community college funds to allocate in 2018-19. Additionally, the report projects the state will collect \$135.5 billion for the general fund in 2018-19, which exceeds the \$127 billion in the 2017-18 budget.

Foreshadowing next budget season, Assembly Budget Committee Chair, Phil Ting stated that this anticipated surplus will allow for the state to make “responsible progressive investments to fight poverty, increase access to healthcare, improve schools and access to early education.”

Cannabis Emergency Regulations

On November 16, California’s three state cannabis licensing authorities – the Bureau of Cannabis Control, the Department of Food and Agriculture, and the Department of Public Health – publicly noticed proposed emergency regulations for commercial, medicinal and adult-use cannabis to implement the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). MAUCRSA will go into effect on January 1, 2018.

The proposed emergency regulation packages were presented to the Cannabis Advisory Committee that afternoon, and the texts of the regulations have been released.

Racial and Identity Profiling Act Regulations

On November 15, Attorney General Xavier Becerra announced that final regulations to implement the Racial and Identity Profiling Act (RIPA), established by AB 953 (Weber) of 2015, are now finalized. Beginning July 1, 2018, the regulations, drafted by the California Department of Justice (DOJ), will require law enforcement agencies to start collecting stop data and reporting the information to the DOJ.

In a concerted effort to identify and prevent police racial profiling throughout the state, the regulations require law enforcement to, among other things, collect and transmit the following information:

- Date, time, duration, location and type of stop;
- Reason for the stop;
- Any actions taken by an officer during the stop;
- Result of the stop;
- The officer’s perception of the gender, race/nationality, and approximate age of the person stopped, and whether the officer perceives that the person is lesbian, gay, bisexual or transgender;
- Whether the person stopped has limited or no English fluency; and
- The officer’s perception or knowledge that the person has a disability.

Reducing Child Poverty in California

The Public Policy Institute of California (PPIC) recently conducted an in-depth study on reducing child poverty in California, looking at housing costs, wages and altering safety net programs as factors in affecting child poverty rates throughout California. PPIC explores expanding the Earned Income Tax Credit, providing a state credit for families with children not contingent upon employment and overhauling the state renter's credit.

The study finds that nearly a quarter of young children in the state, ages 0 – 5, currently live in poverty, and that high housing costs and low wages are predominant factors in barriers to sufficiency. PPIC created an interactive tool to explore how changes in policies and laws in some the key areas mentioned above could affect child poverty both statewide and by county.

For example, according to this interactive data, an increase to the minimum wage to \$15, which is scheduled for 2022, could lower the child poverty rate in Alameda County by 0.9%. The data also shows that bringing Alameda County's housing costs down to the 90TH percentile in the nation, could lower child poverty by 1.9%.

Upcoming Hearing

Given the recent revelations of sexual misconduct and harassment surrounding various members of the Legislature in the recent months, the Assembly Subcommittee on Harassment, Discrimination, and Retaliation Prevention and Response, Chaired by Assemblymember Laura Friedman, will hold an informational hearing on November 28, 2017, to discuss current sexual harassment policies and protections and explore recommendations for change.

Purpose:

Report progress

Advocacy or Education

Request PAL_Committee Recommendation or Position

Other: State legislative update

PUBLIC COMMENT

None.

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