

## **PANE & PANE ASSOCIATES, INC.**

**February 8, 2010**

**MEMO TO: California Bus Association**

**FROM: Josh Pane and Donna Wetterer Pane  
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**RE: Legislative Update: Week of February 8, 2010**

**NEW YEAR: NEW LEGISLATIVE LEADERS/SAME OLD BUDGET PROBLEMS.** In addition to the Assembly electing a new Speaker last month, the Republicans in both the Senate and the Assembly elected new leaders who will take over at a future date. In the Senate, Senator Bob Dutton from Rancho Cucamonga in the Inland Empire replaced Senator Dennis Hollingsworth (who is now running for Congress) as the Senate Republican Minority Leader. On the Assembly side, Assembly Member Martin Garrick of Carlsbad replaced Assembly Minority Leader Sam Blakeslee. He may take over as early as this week.

On January 6<sup>th</sup> the Governor gave his last State of the State address and it was a bit optimistic but challenging to accomplish. In his address, the Governor was moderate in tone and substance and he limited it to a few priorities, not that he will get any of them from this Legislature. He will be selling voters on the \$11 billion water bond, a top priority, which is slated for the November ballot. The Governor wants California to be more business friendly and would like to restructure the tax system (Josh's plan anyone?). He talked about reforming the budget process and renewing California's commitment to higher education by reining in prison spending. And lastly, he pointed a finger at Washington to come up with more dollars for California. On January 8<sup>th</sup> the Governor released his 2010-11 budget that proposed \$82.9 billion in general fund spending that included \$6.9 billion that he wants from the federal government. It calls for a 10 percent cut in pay for state workers that will go up to 15 percent if he doesn't get the money he wants from Washington. And as we mentioned last month, it includes a \$19.9 billion deficit and the Governor has declared a fiscal emergency (again) and called a Special Session to eliminate the deficit. At least this year, the state should have enough money to pay its bills until July and the start of the next fiscal year. But brace yourselves for another ugly year where the budget is front and center.

**NEW BILLS.** A number of new bills introduced in 2010 are now included in this update for your review.

### **2009 Legislation Carried Over Into 2010**

#### **AB 118 (Logue-R) California Global Warming Solutions Act of 2006**

**(A-1/4/10) Sponsor: Author Staff: Cliff Wagner (916) 319-2003**

**Summary:** This bill would suspend the act until the state unemployment rate is 5.5% or lower for four consecutive calendar quarters. The bill would require the re-suspension of the act whenever the state unemployment rate rises above 5.5% for four consecutive calendar quarters.

**STATUS: Although this bill is "dead", Assemblyman Logue is moving forward with an initiative to do what this bill would have accomplished together with Congressman McClintock. It will**

**be titled California Jobs Initiative and was recently backed by Republican candidate for Governor Steve Poizner.**

**AB 414 (Galgiani-D) Carl Moyer Memorial Air Quality Standards Attainment Program: heavy-duty fleet modernization projects (I-2/23/09) Sponsor: author Staff: Jim Collin (916) 319-2017**

**Summary:** The bill would require the state board to develop and implement a trade-down program that provides assistance to owners of high-use, newer model, heavy-duty fleet vehicles to convert those vehicles for lower use, commercial operations in a manner that reduces emissions of oxides of nitrogen and particulate matter. The bill would provide that the trade-down program would be eligible for funding under the Carl Moyer program as an eligible heavy-duty fleet modernization project if it meets a specified criterion.

**STATUS: Held in Assembly Transportation. Must pass House of Origin by January 31<sup>st</sup>.**

**AB 569 (Emmerson-R) meal periods: transportation industry (A-9/11/09) Sponsor: UPS Staff: Teresa Trujillo (916) 319-2063**

**Summary:** This bill would exempt from these provisions employees in a construction occupation, commercial drivers in the transportation industry, and employees in the security services industry employed as security officers if those employees are covered by a valid collective bargaining agreement containing specified terms, including meal period provisions. It would specify that its provisions do not affect the requirements for meal periods for certain other employees or employers.

**STATUS: Senate Rules for committee assignment.**

**AB 744 (Torricon-D) Transportation: toll lanes: Express Lane Network (A-7/15/09) Sponsor: Metropolitan Transportation Commission (MTC) Staff: Ryan Spencer (916) 319-2020**

**Summary:** This bill would authorize the Bay Area Toll Authority to acquire, construct, administer, and operate a Bay Area Express Lane Network on state highways within the 9 Bay Area counties pursuant to a development plan recommended by the Bay Area Express Lane Network Project Oversight Committee, which the authority would be required to establish. The bill would authorize the authority to establish the fee structure for use of the express lanes and would require a public hearing in that regard. The bill would authorize the authority to determine the types of vehicles that may use the lanes. The bill would provide for agreements between the authority and the Department of Transportation and the Department of the California Highway Patrol. The bill would require revenues from the express lanes to be deposited in the Bay Area Express Lane Network Account, which the authority would be required to create. The bill would authorize the authority to issue revenue bonds for the express lane program. The bill would specify the use of revenues in the account, including the net revenues remaining after expenses and obligations, including revenue bond obligations, for the express lane program are satisfied. The bill would provide for certain payments by the authority to the Department of Transportation and the Department of the California Highway Patrol relative to their responsibilities with regard to the express lane program, and would continuously appropriate the amount of those payments to those agencies for those purposes. The bill would require the Sunol Smart Carpool Lane Joint Powers Authority, the Alameda County Congestion Management Agency, and the Santa Clara Valley Transportation Authority to enter into agreements with the Bay Area Toll Authority by January 1, 2011, to provide for the transfer of their rights and obligations relative to HOT lane projects to the Bay Area Toll Authority.

**STATUS: Held on Senate Appropriations Suspense File.**

**AB 922 (Miller-R) Diesel fuel tax exemption: bio-diesel (I-2/26/00) Sponsor: author & Biodiesel Alliance Staff: Evan Oneto (916) 319-2071**

**Summary:** This bill exempts the imposition of the Diesel Fuel Tax after July 1, 2009 through June 30, 2014 on biomass-based diesel fuel produced with California feedstock (used cooking oil; trap grease; yellow grease; animal fat; brown grease; plant or fungal crop; algae and FOG which means fat, oil and grease).

**STATUS: Held in Assembly Rev & Tax. Must pass House of Origin by January 31<sup>st</sup>.**

#### **NEW BILL INTRODUCTIONS 2010**

**AB 1666 (Swanson-D) California Family Rights and Sick Leave (I-1/20/10).**

**Sponsor: Author Staff: Shannon McKinley (916) 319-2016**

**Summary:** Existing law, the California Family Rights Act, permits employees of specified employers with more than 12 months of service with the employer and who have at least 1,250 hours of service with the employer during the previous 12-month period of employment to take up to a total of 12 workweeks in any 12-month period for family care and medical leave. Existing law defines "family care and medical leave" to mean leave for the birth or adoption of a child, the serious health condition of a child, parent, or spouse, or the serious health condition of the employee. This bill would expand the definition of "serious health condition" to include an illness contracted by the employee that has been declared a national or state emergency pandemic.

**STATUS: Assembly Labor and Employment.**

**AB 1667 (Swanson-D) Family and Medical Leave (I-1/20/10/)**

**Sponsor: Author Staff: Shannon McKinley (916) 319-2016**

**Summary:** Existing law, the Moore-Brown-Roberti Family Rights Act, makes it an unlawful employment practice for an employer to refuse to grant a request by an eligible employee to take up to 12 workweeks of unpaid protected leave during any 12-month period (1) to bond with a child who was born to, adopted by, or placed for foster care with, the employee, (2) to care for the employee's parent, spouse, or child who has a serious health condition, or (3) because the employee is suffering from a serious health condition rendering him or her unable to perform the functions of the job. This bill would increase the circumstances under which an employee is entitled to protected leave pursuant to the Family Rights Act by permitting an employee to take leave to care for a sibling with a serious health condition.

**STATUS: Assembly Labor and Employment.**

**AB 1670 (Beall-D) State Highway Routes 82 and 130: relinquishment. (I-1/20/10)**

**Sponsor: City of San Jose Staff: Kim Tran (916) 319-2024**

**Summary:** Existing law gives the Department of Transportation full possession and control of all state highways. Existing law describes the authorized routes in the state highway system and establishes a process for adoption of a highway on an authorized route by the California Transportation Commission. Existing law also authorizes the commission to relinquish certain state highway segments to local agencies. This bill would authorize the commission to relinquish to the City of San Jose specified portions of State Highway Routes 82 and 130, under certain conditions.

**STATUS: Assembly Transportation.**

**AB 1672 (Jeffries-R) State Air Resources Board; election of board members (I-1/27/10)**

**Sponsor: Author Staff: Andrew Shedlock (916) 319-2066.**

**Summary:** Existing law establishes in the California Environmental Protection Agency the State Air Resources Board, which is responsible for control of emissions from motor vehicles and is designated the air pollution control agency for all purposes set forth in federal law. Existing law requires the state board to consist of 11 members appointed by the Governor, with the consent of the Senate, and specifies the qualifications of those members. This bill, commencing with the 2012 statewide general election, would require the members of the state board to be elected by district voters. The bill would require the state board, by January 1, 2012, to draw district boundaries in accordance with prescribed criteria, for the purpose of the election of state board members. The bill would prescribe requirements for the election of the members of the state board and would make other conforming changes.

**STATUS: Assembly Natural Resources.**

**AB 1700 (Gaines-R) Sales and use taxes: vehicle license fee: income taxes (2/1/10)**

**Sponsor: author Staff: Matt Roman (916) 319-2004.**

**Summary:** The Sales and Use Tax Law imposes a state sales and use tax on retailers and on the storage, use, or other consumption of tangible personal property in this state at the rate of 6 1/4% of the gross receipts from the retail sale of tangible personal property in this state and of the sales price of tangible personal property purchased from any retailer for storage, use, or other consumption in this state. That law, until July 1, 2011, increases the state sales and use tax rate by 1% to a rate of 7 1/4%. This bill would repeal the additional 1% state sales and use tax rate on the first day of the first calendar quarter commencing more than 90 days after the effective date of this bill. The Vehicle License Fee Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state in an amount of 0.65% of the market value of that vehicle, as provided. Existing law, until July 1, 2011, increases that rate by 0.35%, for specified vehicles and requires that the revenues derived from the increase be deposited into the General Fund. That law also, until July 1, 2011, adds a sum equal to 0.15% of the market value of specified vehicles to the vehicle license fee, to be deposited in the General Fund and transferred to the Local Safety and Protection Account for allocation by the Controller for specified purposes. This bill would repeal the additional 0.35% and 0.15% rates on the effective date of this bill. The Personal Income Tax Law imposes taxes based upon taxable income. That law also allows credits for personal exemptions, and imposes an alternative minimum tax, as specified. That law, for taxable years beginning on or after January 1, 2009, and until January 1, 2011, decreases the amount allowable as a credit for personal exemption for dependents, and for taxable years beginning on and after January 1, 2009, and before January 1, 2011, increases the tax rate applicable to taxable income, and increases the alternative minimum tax rate, as provided. This bill would repeal the provision decreasing the amount allowable as a credit for personal exemption for dependents on January 1, 2010. This bill would repeal the provisions increasing the tax rate applicable to taxable income, and increasing the alternative minimum tax rate, for taxable years beginning on or after January 1, 2010. This bill would also make technical, non-substantive changes to those provisions. This bill would take effect immediately as a tax levy. **BOTTOM LINE THIS REPEALS THE ABOVE MENTIONED TAXES PASSED LAST SPRING.**

**STATUS: Awaiting committee assignment.**

**AB 1719 (Harkey-R) Sales and use taxes exemption: business equipment. (I-2/2/10)**

**Sponsor: author Staff: Gino Folchi (916) 319-2073**

**Summary:** The Sales and Use Tax Law imposes a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. That law provides various exemptions from those taxes. This bill would exempt from those taxes the sale of, and the storage, use, or other consumption in this state, of business equipment purchased for business use in California by, a person engaged in business. The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and the Transactions and Use Tax Law authorizes districts, as specified, to impose transactions and use taxes in conformity with the Sales and Use Tax Law. Exemptions from state sales and use taxes are incorporated in these laws. Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions. This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill. This bill would take effect immediately as a tax levy.

**STATUS: Awaiting committee assignment.**

**SB 908 (Wyland-R) meal period; exemptions. (I-1/27/10) Sponsor: National Armored Car Association Staff: Aaron Bone (916) 651-4038**

**Summary:** Existing law prohibits, with specified exceptions, an employer from requiring any employee to work during a meal or rest period mandated by an applicable order of the Industrial Welfare Commission. Existing law requires, with specified exceptions, employers to provide meal and rest periods to employees during work periods of specified duration. This bill would exempt from these provisions an employee in the transportation industry whose work places him or her inside an armored car in shifts during a workday.

**STATUS: Awaiting committee assignment.**

**SB 952 (Wyland-R) Sales and use taxes: vehicle license fee: income taxes: incomes tax administration: withholding taxes. Sponsor: Author Staff: Julie Hooper (916) 651-4038**

**Summary:** The Sales and Use Tax Law imposes a state sales and use tax on retailers and on the storage, use, or other consumption of tangible personal property in this state at the rate of 61/4%, plus, from April 11, 2009 to July 1, 2011, an additional 1%, of the gross receipts from the retail sale of tangible personal property in this state and of the sales price of tangible personal property purchased from any retailer for storage, use, or other consumption in this state. This bill would repeal the additional 1% state sales and use tax rate on the first day of the first calendar quarter commencing more than 90 days after the effective date of this bill. This bill contains other related provisions and other existing laws. BOTTOM LINE IS THIS REPEALS ALL THE TAX INCREASES PASSED LAST SPRING WITHIN 90 DAYS OF PASSAGE.

**STATUS: Awaiting committee assignment.**

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