

August 2012 Legislative Update

By Ralph Heim

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The Legislature is on summer recess and will return to Sacramento August 6th to complete the 2011-12 Legislative Session, scheduled to adjourn on August 31st.

Pension Reform

One of the first issues the Legislature will tackle following the summer recess is pension reform. Prior to the summer recess, the Democrat leaders met with Governor Brown and presented their “reform” proposals. The Governor declared the plan to be “inadequate,” failing to include a number of the proposals in the Governor’s 12-point reform plan.

Among those issues reported to be in disagreement include the Governor’s hybrid 401(k)-style for new employees and raising the retirement age for non-public safety employees to 67 before new employees may receive their full pension benefits. The Democrat leaders prefer a sliding-scale concept, allowing new, non-public safety employees to retire prior to 67, but not attaining their full pension benefits until they reach the age of 67.

We also understand that the Governor and the Democrat leaders agree on the elimination of “spiking” and the purchase of “air time,” but some believe the latter issue may still be on the table. Since negotiations between the Governor and Democrat leaders are still on-going, once we have the language, or an outline thereof, containing the pension reform proposals the Legislature will consider in August, we will provide that to the membership as soon as such is available.

State Budget

The 2012-13 state budget passed by the Legislature on June 15th is only balanced should the Governor’s tax initiative pass in November. Failing passage, the Legislature will be faced with automatic “trigger” cuts in the billions of dollars.

Given the fact that approximately 40 new legislators will be sworn into office in December, none of which have previously served in the Legislature, rumors abound that the Governor may call a special session after the November election and before the start of the new two-year session in December should his initiative fail, allowing the current legislative members to address the trigger cuts. Interesting, but certainly possible—stay tuned.

Redevelopment

With the demise of redevelopment agencies last year, cities and numerous legislators have been scrambling to find new economic development tools for cities and counties to replace traditional redevelopment activities. Similarly, there was an attempt to amend the Governor’s

redevelopment budget trailer bill to effectively eliminate pass-through payments legally obligated to be paid to all taxing agencies, including recreation and park districts. Fortunately, with the Governor strong opposition to the proposal, coupled with an effective special district opposition campaign, the proposal was dropped and the required pass-through payments have, or soon will be, sent to all affected taxing agencies.

Legislation

Given we anticipate a number of new efforts to provide cities and counties with expanded economic development tools, our top priority for August will be to protect against any such proposals granting the use of tax increment financing. Should any such proposals surface during August, given we won't have much time to respond, we will alert the membership immediately and request contact with each district's legislators urging opposition to tax increment financing without each agencies opt-in/opt-out, such as is contained in the existing Infrastructure Financing District law.

Assembly Bill 1435(Dickenson): As introduced, AB 1435 proposed to include athletic personnel under the state's mandated reporter law. Such personnel included state and local athletic coaches, athletic administrators and athletic directors, all of whom would be required to take specific training. The bill has been substantially amended to only add the above-referenced personnel to the mandated reporter law and struck all of the training requirements. AB 1435 is pending in the Senate Appropriations Committee.

Assembly Bill 1831(Dickenson): This measure proposed to prohibit local governments from inquiring into a job applicants criminal background, until and unless the applicants qualifications have been screened and the local agency concludes the applicant meets the minimum job requirements. AB 1831 was held in the Senate Governance and Finance Committee and is dead for the year.

Senate Bill 633(Huff): This bill relates to the inappropriate use of state General Obligation Bonds and if the Department of Finance determined that a local agency used all, or any portion, of bond receipts for a purpose other than that authorized, the agency would have 60 days to take corrective action or the Department could prohibit the local agency from expending any additional bond receipts, all within the procedures set-forth by the Department. SB 633 failed passage and is dead for the remainder of this session.

Finally, we expect further consideration of a number of bills relating to local government transparency.