

**To: Orange County Sanitation District**  
**From: Townsend Public Affairs, Inc.**  
**Date: June 22, 2020**  
**Subject: Legislative and Public Affairs Agenda Report**

---

### **State Legislative Update**

In May, both the Assembly and Senate returned to the Capitol for legislative business and to continue their work on the State budget. The Assembly reconvened from recess on May 4, while the Senate reconvened on May 11. May 29 was the last day for policy committees to refer fiscal bills to the Appropriations Committee. There were approximately 300 bills pending before the Assembly Appropriations Committee and nearly 60 bills pending in the Senate Appropriations Committee before Committee's considered their lists of bills during the first week of June.

Furthermore, on May 14, Governor Newsom released the May Revise to his January Budget proposal. The May Revise included significant spending reductions due to decreased state revenue as a result of the COVID-19 pandemic. Total state budget spending from the Governor is now proposed to be \$203 billion, down from \$222 billion in January. On the day of the June 15 budget deadline, the Legislature passed a Budget to fulfill their constitutional obligations. However, due to the COVID-19 pandemic and the vast effects it has had on the State economy, the Budget that was passed and sent to the Governor had not been negotiated with the Administration as is typical in normal Budget years. Instead, the Legislature and the Governor are continuing their negotiations past the June 15 deadline and will announce the details of a Budget deal shortly.

The Governor has also been holding daily press conferences to address immediate issues such as the ongoing COVID-19 pandemic and protests throughout the State due to the recent death of George Floyd. On May 30, the Governor declared a state of emergency in Los Angeles County and approved the request for Los Angeles to deploy members of the national guard to assist the city, county, and the surrounding areas.

Below are the upcoming tentative dates for the Legislature.

**June 22 – 26:** Senate Floor session only

**June 25:** Last day for a legislative ballot measure to qualify for the November General Election

**June 26:** Last day for each house to pass bills introduced in that house

## Governor's COVID-19 Action Summary

Below is a summary of the major COVID-19 actions taken by the State Administration in May:

- **June 18: Mandatory mask order.** Governor Newsom issues a mandatory mask or face covering while in public or high-risk settings, including shopping, taking public transit, or seeking medical care.
- **June 15: CalWORKS eligibility, extended real estate deadlines.** Governor Newsom issued an executive order that extends waivers temporarily broadening the capability of counties to enroll persons into the California Work Opportunity and Responsibility to Kids (CalWORKs) program. The order also extends deadlines related to the payment of real estate license application and renewal fees and continuing education requirements for licensees.
- **June 5: Sanitizer production.** Governor Newsom issued an executive order that allows the temporary manufacture of over-the-counter drugs and medical devices by firms not currently licensed by the California Department of Public Health.
- **May 29: Rent Eviction, DMV, Childcare.** Governor Newsom issued an executive order extending authorization for local governments to halt evictions for renters impacted by the COVID-19 pandemic, through July 28. The order also extends the waiver permitting the Department of Motor Vehicles to allow for mail-in renewals of driver's licenses and identification cards, and waives certain programmatic and administrative requirements that restrict child care and afterschool programs from serving children of essential infrastructure workers.
- **May 22: Contact Tracing.** Governor Newsom launched "California Connected", the state's comprehensive contact tracing program and public awareness campaign.
- **May 12: Testing.** Governor Newsom announced that more than 1 million diagnostic tests for the virus have been conducted statewide.
- **May 8: November Election.** Governor Newsom signed an executive order that requires each county's elections officials to send vote-by-mail ballots for the November 3, 2020 General Election to all registered voters.
- **May 7: Phase 2.** Governor Newsom modified the stay-at-home order by issuing industry guidance that allows certain businesses to begin reopening with modifications that reduce risk and establish a safer environment for workers and customers.
- **May 6: Property Taxes.** Governor Newsom issued an executive order that waives penalties on property taxes for residents and small businesses experiencing economic hardship based on COVID-19 and extending the deadline for filing property tax statements.

## Summary of Re-Opening California

On April 14, the Governor released six indicators to be considered in order to move forward with re-opening the State. The six indicators for modifying the stay-at-home order are:

1. The ability to monitor and protect our communities through testing, contact tracing, isolating, and supporting those who are positive or exposed;
2. The ability to prevent infection in people who are at risk for more severe COVID-19;
3. The ability of the hospital and health systems to handle surges;
4. The ability to develop therapeutics to meet the demand;
5. The ability for businesses, schools, and childcare facilities to support physical distancing; and
6. The ability to determine when to reinstitute certain measures, such as the stay-at-home orders, if necessary.

In late April, the Governor then laid out four stages to re-open the State. Those four stages to re-open California are:

**Stage 1:** Individuals stay at home unless they are a member of the essential workforce.

**Stage 2:** Lower risk workplaces re-open, including:

- Non-essential manufacturing (toys, furniture, clothing, etc.)
- Schools
- Childcare facilities
- Retail businesses for curbside pick-up
- Offices where working remote is not possible, but can be modified to make the environment safer for employees

**Stage 3:** Higher risk workplaces re-open, which require close proximity to other people, including:

- Hair salons
- Nail salons
- Gyms
- Movie theaters
- Sporting events without live audiences
- In-person religious services (churches and weddings)

**Stage 4:** Ending the stay-at-home order, which would allow for the re-opening of:

- Concert venues
- Convention centers
- Sporting events with live audiences

In June, most of the State's counties are currently in the early and mid-part of Stage 3. However, if the State continues to see an increase in the number of cases, the Governor could enact the stay-at-home order again with few modifications.

### May Revise Summary

On May 14, Governor Newsom released the May Revise of his FY 2020-21 State budget. The May Revise represents a dramatic change from the Governor's January Budget, as it reflects the impact of the coronavirus pandemic on the State's economy, as well as the increased demand for many State services. The full impact of the pandemic has led to a projected budget deficit of \$54 billion, with an out-year structural deficit of approximately \$45 billion per year. This deficit has materialized in the last three months, as the State has seen a 22.3% reduction in state revenues generated from sales tax, personal income tax, and corporate taxes.

In response, Governor Newsom has proposed a budget that addresses the short fall through a mix of budget cuts, revenue generating measures, internal borrowing, accessing of state reserves, and increased resources from the federal government. The May Revise budget proposal contains \$133.9 billion in General Fund spending. This represents a reduction in General Fund spending of \$12.5 billion, or a 9.4% decrease, from the current budget year. The budget proposal addresses the projected \$54.3 billion budget deficit by utilizing the following strategies:

- Cancelled Expansions and Other Reductions (\$8.4 billion)
- Reserves (\$8.8 billion)
- Borrowing/Transfers/Deferrals (\$10.4 billion)
- New Revenues (\$4.4 billion)
- Federal Funds (\$8.3 billion)
- Triggered Spending Reductions (\$14.0 billion)

The May Revise incorporates significant funding in the current year, as well as in the upcoming budget year, for response to the coronavirus. The May Revise contains \$1.8 billion in funding for the current year to reflect activities that have been undertaken, which will largely be funded with funding received from the federal government.

The May Revise also estimates that the Proposition 98 guarantee will decline by \$19 billion over what was projected in January. The May Revise proposes to mitigate these losses through a mix of solutions, including revenue generation (which will increase the overall amount of Proposition 98 funding), the use of federal funds, and revising CalPERS/CalSTRS contributions.

## Priority Legislation

### *AB 1672 (Bloom) – Solid waste: nonwoven disposable products (OCSD Supports)*

AB 1672 would require, commencing January 1, 2021, certain nonwoven disposal products to be labeled clearly and conspicuously to communicate that they should not be flushed. The bill would prohibit a covered entity, as defined, from making a representation about the flushable attributes, benefits, performance, or efficacy of those nonwoven disposal products.

Action Taken: A letter of support signed by Chairman Shawver on April 2, 2019. **AB 1672 is currently in the Senate Rules Committee waiting to be assigned to policy committees.**

### *AB 2762 (Muratsuchi) – Cosmetics: Safety (OCSD Supports)*

AB 2762 would prohibit a person or entity from manufacturing, selling, delivering, holding, or offering for sale, in commerce any cosmetic product that contains any of several specified intentionally added ingredients, including certain strains of PFAS/PFOA.

Action Taken: A letter of support signed by Chairman Shawver on June 5, 2020 was submitted. **AB 2762 is currently in the Senate Rules Committee waiting to be assigned to policy committees.**

### *AB 3163 (Salas) – Energy: biomethane: procurement (OCSD Supports)*

AB 3163 would define “biomethane” as methane produced from an organic waste feedstock, rather than biogas, that meets specified standards and is either produced from the anaerobic decomposition of organic material or produced from the non-combustion thermal conversion of specified materials. This would allow greater uses for the byproducts produced by OCSD facilities.

Action Taken: A letter of support signed by Chairman Shawver on June 8, 2020 was submitted to Assemblyman Salas’ Office. **AB 3163 is currently in the Senate Rules Committee waiting to be assigned to policy committees.**