



Staff Report

File #: TMP-1428, **Version:** 1

MEETING DATE:

September 8, 2020

SUBJECT:

LEGISLATIVE REPORT

Recommendation

NOTE AND FILE updates to legislation with an official City position.

Board or Commission Action

Not applicable

Relevant Council Strategic Theme

Planning for the Future

Good Governance

Relevant Department Goal

Not applicable

Introduction

The City Council adopted the 2020 Legislative Platform to guide the consideration of state and federal bills that affect City operations. In keeping with that direction, this report provides updates on legislation with an official City position.

Discussion

On August 31, the 2019-20 legislative session came to a close. Legislators returned with several weeks less to finalize bills than originally expected after two Assembly members tested positive for COVID-19. In response to the positive tests, both the State Senate and Assembly extended their recesses to July 27. So, with only five weeks left to deliberate and pass bills, leadership in both chambers narrowed laws under consideration to urgent legislative priorities: economic stimulus and recovery, an eviction and mortgage relief program, and wildfire response legislation.

The Status and Analysis of Legislation document (Attachment A) reviews 32 state bills, eight of which were passed, 24 of which have failed. Of the eight that have passed the state legislature, one has already been signed by Governor Gavin Newsom and is now law. This was the eviction moratorium, which is discussed in greater detail below. Attachment A evaluates the bills relevant to the city's legislative platform in the California State Legislature that have been enrolled, meaning they have been passed by the legislature and are awaiting action by the Governor, chaptered, meaning both passed by the legislature and signed into law by the Governor, and identifies those that have failed.

Of the eight bills on the attachment that have been passed by the legislature, two, AB 69 and SB 1079 were passed with amendments that greatly diminished the impact on local governments significantly from when they were initially passed. Those amendments and the resultant changes to the legislation are discussed in the attachment.

The attachment was updated as of September 3 at 12 PM. What this means is that between then and now some bills that were only enrolled awaiting action from the Governor may have been vetoed or signed into law. However, the failed legislation has failed for this legislative session, however there is always next session.

Economic Stimulus and Recovery

Upon their return state legislative leaders wasted no time and on July 28 released a joint Assembly-Senate \$100 billion economic stimulus proposal. The plan intended to address key areas to the economic recovery such as: new revenues without raising taxes, support for small businesses, and protections for working families, and investments in California's green economy. No direct revenue replacement for cities was considered in the package. The plan hinged financially on a four main proposals: authorizing the State Treasurer to issue future tax vouchers to generate revenues for general economic stimulus, securitizing current revenue streams, accelerating general obligation bonds to supercharge funding for infrastructure projects and to increase borrowing from the federal government to boost existing state unemployment insurance programs.

While this stimulus package did not pass this year, the proposals can be read as prologue for legislative priorities as we transition to the next legislative session.

Eviction Protection

Beginning in March, the Governor issued a series of executive orders that authorized local eviction protections. The City Council authorized an eviction moratorium in San Marcos beginning March 24 that ended June 30. In April, the Judicial Council of California, the policymaking body of the California court system, issued emergency rules related to evictions and judicial foreclosures that results in halting nearly all evictions in the state. In early August, the Judicial Council announced an amendment to applicable emergency rules, which ends the suspension of defaults and issuance of summons in unlawful detainer actions, and would allow the courts to resume processing eviction cases after midnight on September 1.

The Governor and legislative leaders worked through August to get to a compromise on an eviction protection and mortgage relief program. While several bills were proposed, eventually the legislator and the governor's office arrived at a compromise in AB 3088. Under the new law, dubbed the the Tenant, Homeowner, and Small Landlord Relief and Stabilization Act of 2020, tenants who have coronavirus-related financial hardships and missed rent payments between March 1 and August 31 cannot ever be evicted for those missed rent payments. Between now and January 31, tenants will need to pay 25 percent of the rent owed from September through January in order to maintain permanent protections from eviction. The rent owed will be converted to civil debt, and landlords could recover that debt in small claims court. Tenants that cannot pay 25 percent of the rent owed by Jan. 31 face eviction starting Feb. 1. Landlords would be able to file a civil lawsuit or use small claims court to recover rent owed from tenants starting March 1. AB 3088 also declares local actions cannot undue this Act's framework.

State Budget Update

The California Department of Finance (DOF) reported an update on tax receipts for the 2019 that were slightly better than projections made in the workload budget passed in June estimating \$28 billion in personal income tax revenues. The actual amount collected was \$30.4 billion, \$2.4 billion more than originally anticipated. The June workload budget was approximately \$202 billion in General Fund spending, the \$2.4 billion is about 1% of the state's projected expenditures.

According to the State's [Legislative Analyst Office](#), under an optimistic U-shaped recession scenario assumption, the state would be facing an \$18 billion deficit and under the pessimistic L-shaped recession scenario, a \$31 billion deficit for FY 2021. The state has \$16 billion in total reserves, however only \$10 billion are accessible for the coming fiscal year. Again, in relation to the state's total General Fund budget, the amount of reserves accessible this year accounts for about 5% of projected expenditures.

Environmental Review

There is no environmental impact associated with this recommendation.

Fiscal Impact

Unknown fiscal impacts are associated with the bills in Attachment A. A more thorough analysis of each bill's implementation requirements is needed to demonstrate total fiscal impact.

Attachment(s)

Attachment A: Status and analysis of legislation with a proposed City position

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