STATE LEGISLATION COMMITTEE
Wednesday, February 15th, 2012
1:00pm
City Hall, Room 288

MEMBERS:
Mayor's Office (Chair) – Jason Elliott (Renee Willette)
Supervisor Chiu – Judson True
Supervisor #2 – TBD
City Attorney's Office – MaryJane Winslow
Treasurer's Office – Greg Kato
Assessor's Office – Angela D'Anna
Controller's Office – Michelle Allserma (Leo Levenson)

AGENDA

I. ROLL CALL

II. CA STATE BUDGET UPDATE (Discussion)

III. CONSENT AGENDA (Action Item)
The SLC has previously taken a position on all of the items on the consent agenda.

a. **AB 298 – Brownley –** Recycling : reusable bags - Support
b. **AB 540 – Beall –** MediCal: alcohol and drug screening - Support
c. **AB 1094 (formerly AB900) – Swanson –** Schools to provide compost and recycle bin - Support
d. **AB 1019 – Perez, J –**Solid Waste: Carpet Stewardship - Support
e. **AB 1354 – Huber –** Public Works: payments: retention - oppose
f. **SB 568 – Lowental –**Recycling: polystyrene free containers - support
g. **SB 594 – Wolk –** Requirement for public health laboratories – oppose unless amended
h. **SB 703 –** Hernandez – Establish a basic healthcare plan in California - support

IV. PROPOSED STATE POLICY AGENDA –TRANSPORTATION, FINANCE AND HOUSING POLICY (Discussion and Action) Discussion and possible action item: the Committee will review and discuss a proposed state policy agenda for transportation, finance and housing policy areas. Proposed state policy agendas for review and possible adoption will be listed by broad policy area, then specific policy item.

TRANSPORTATION – *Recommended position from the Municipal Transit Agency: Support*

a. Funding and the State FY12-13 Budget
b. State Bond Funding

c. California Environmental Quality Act (CEQA) Reform
d. Taxi Legislation and Policy
e. Fare Evasion Citation Enhancment
f. Regional Governance and AB57

FINANCE – *Recommended position from the Treasurer Tax Collector: Support*
a. Transit Occupancy Tax

HOUSING – *Recommended position from the Mayor's Office of Housing: Support*
a. Infrastructure Financing District Legislation
b. Local Taxation Authority
c. Affordable Housing and SB375

V. 2011 UNFINISHED BUSINESS
Discussion item: the Committee will review and discuss state legislation approval process for the 2012 calendar year.

TREASURER TAX COLLECTOR
a. **AB 51** (Yamada) – *Recommended position: Support with Amendment*
Employer use of paycards rather than direct deposit
b. **AB 1158** (Calderon) **–** *Recommended position: Oppose*
Would increase amount for a deferred deposit transaction to be up to $500

VI. FUTURE LEGISLATION (Discussion and Possible Action)
a. **Treasurer Tax Collector:** Proposal for State Legislation to establish a fair rate of interest on claims and judgments (Including Local Tax Refunds) against California Public Entities

VIII. GENERAL PUBLIC COMMENT
Discussion item: members of the public may address the Committee on items of interest that are within the Committee's subject matter jurisdiction.

VII. ADJOURNMENT

Disability Access

Room 288 of City Hall is located at 1 Dr. Carton B. Goodlett Place, and is wheelchair accessible. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible Muni lines serving this location are: #47 Van Ness, and the #71 Haight/Noriega and the F Line to Market and Van Ness, as will as Muni Metro stations at Van Ness and Civic Center. For more information about Muni accessible services, call 923-6142. There is accessible parking at the Civic Center Plaza garage.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance,

contact the Donna Hall at Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102, by phone at 415-554-7724, by fax at 415-554-7854, or email the Sunshine Ordinance Taskforce Administrator at sotf@sfgov.org. Citizens may obtain a free copy of the Sunshine Ordinance by contacting the Task Force, or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at www.sfgov.org/sunshine.htm.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (San Francisco Campaign and Governmental Conduct Code Sec. 2.100 –2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone 415-581-2300, fax 415-581-2317, Internet website: www.sfgov.org/ethics.

Cell Phones and Pagers

The ringing and use of cell phones, pagers, and similar sound-producing electronic devises are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Public Comment

Public Comment will be taken on each item.

Document Review

Documents that may have been provided to members of the State Legislation Committee in connection with the items on the agenda include proposed state legislation, consultant reports, correspondence and reports from City departments, and public correspondence. These may be inspected by contacting Renee Willette, Deputy Director of Legislative & Government Affairs, Mayor's Office at: (415) 554-6971.

Health Considerations

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the City accommodate these individuals.

City/County of San Francisco-Legislative Proposal Form

SUBMITTING DEPARTMENT/OFFICE	Environment
CONTACT PERSON/EMAIL and Phone #	Mark Westlund, mark.westlund@sfgov.org, 355-3714
EXISTING ISSUE/PRESENT LAW (specify "State" or "Federal")	State AB 298 Reusable bags must be cleanable and not contain heavy metals
FEDERAL OR STATE REQUEST	□ Federal X State
RECOMMENDED PROPOSAL	Support
DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	Require that reusable bags are made from material that can be cleaned and disinfected; Guidelines for cleaning & disinfecting are printed on bag or on tag attached to bag; Bags may not contain lead, cadmium, or any other heavy metal in toxic amounts
RECOMMENDED COUNTY POSITION (Please check appropriate box)	□ SPONSOR X SUPPORT □ OPPOSE □ OTHER & Describe
FISCAL IMPACT	None
ANALYSIS OF POTENTIAL IMPACT TO OTHER DEPARTMENTS	None
REVIEW/APPROVAL BY DEPT. HEAD	**Signature** Melanie Nutter _____
DATE SUMITTED	3/31/11

City/County of San Francisco-Legislative Proposal Form

This form should be used to submit legislative proposals for consideration for the 2009 CCSF State Legislative Program. Before submission, proposals must be reviewed and approved by the Department Head.	
SUBMITTING DEPARTMENT/OFFICE	Department of Public Health/Office of Policy & Planning
CONTACT PERSON/EMAIL and Phone #	Jim Soos/jim.soos@sfdph.org/554-2633
EXISTING ISSUE/PRESENT LAW (specify "State" or "Federal")	Medi-Cal currently provides for an array of alcohol and other drug services, including counseling, detoxification, residential, and outpatient treatment. It currently does not, however, pay for alcohol and drug screening and brief intervention of Medi-Cal beneficiaries when they seek unrelated care in the emergency department (ED) or primary care settings.
RECOMMENDED PROPOSAL	The City should support AB 540 (Beall). It would provide alcohol and drug screening and brief intervention services (SBIS) as a voluntary benefit for Medi-Cal beneficiaries using local funds to fund the non-federal share.
DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	SBIS would be implemented almost anywhere in the county that patients are seen, including hospital EDs and primary care clinics. Current Federal estimates are that fewer than 10% of the individuals needing substance abuse services are screened or ever go to substance abuse treatment. SBIS has been shown in several major studies to improve client health outcomes, significantly reduce drinking, decrease drug use, decrease use of emergency services, and greatly decreased hospital inpatient time. A full SBIS implementation would potentially reach the other 90% of the individuals needing assistance. With the implementation of Healthy San Francisco and universal access to primary care, San Francisco is in an excellent position to benefit from SBIS. This legislation is consistent with the DPH State Legislative Plan that State legislation include alcohol and drug brief screening as a Medi-Cal benefit. It is a reintroduction of AB 2124 (Beall) of 2008 and AB 1599 (Beall) of 2010, which passed the Assembly, but were held on Suspense, and AB 217 (Beall), which was vetoed by the Governor in 2009. Supporters of the prior bills included AFSCME, the CNA, CMA, American College of OB/GYNs, CSAC, Urban Counties Caucus, California Society of Addiction Medicine, and California Association for Alcohol and Drug Educators. The State Department of Finance opposed. San Francisco supported AB 217 and AB 1599.
RECOMMENDED COUNTY POSITION (Please check appropriate box)	☐ SPONSOR ☑ **SUPPORT** ☐ OPPOSE ☐ OTHER & Describe
FISCAL IMPACT	A typical cost benefit study showed a saving of more than $300 per client screened across a major health system in year over year health cost comparison. For San Francisco, with almost 72,000 eligible Medi-Cal beneficiaries, the projected savings would be $21,600,000. The SF DPH Community Behavioral Health Section estimates that between 10 percent and 12 percent of Medi-Cal enrollees in San Francisco (approx. 7,200 to 8,600 individuals) are in need of substance abuse treatment services, but are not currently in treatment.
ANALYSIS OF POTENTIAL IMPACT TO OTHER DEPARTMENTS	No significant impact to other City Departments.
REVIEWED/APPROVED BY DEPT. HEAD	☑ **Yes** ☐ No
DATE SUMITTED	March 16, 2011

This form is located online at http://www.sfgov.org/site/slc_meeting.asp?id=23016 and can be submitted electronically to Trisha.Prashad@sfgov.org

City/County of San Francisco-Legislative Proposal Form

This form should be used to submit legislative proposals for consideration for the 2011 CCSF Federal and State Legislative Program. Before submission, proposals must be reviewed and approved with a signature by the Department Head. This form can be submitted electronically to kate.howard@sfgov.org

SUBMITTING DEPARTMENT/OFFICE	Environment
CONTACT PERSON/EMAIL and Phone #	Mark Westlund, mark.westlund@sfgov.org, 355-3714
EXISTING ISSUE/PRESENT LAW (specify "State" or "Federal")	State AB 900 School recycling and composting
FEDERAL OR STATE REQUEST	□ Federal X State
RECOMMENDED PROPOSAL	Support
DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	Require schools to provide recycling and composting bins.
RECOMMENDED COUNTY POSITION (Please check appropriate box)	□ SPONSOR X SUPPORT □ OPPOSE □ OTHER & Describe
FISCAL IMPACT	None
ANALYSIS OF POTENTIAL IMPACT TO OTHER DEPARTMENTS	None
REVIEW/APPROVAL BY DEPT. HEAD	**Signature**
DATE SUMITTED	3/31/11

City/County of San Francisco-Legislative Proposal Form

SUBMITTING DEPARTMENT/OFFICE	Environment
CONTACT PERSON/EMAIL and Phone #	Mark Westlund, mark.westlund@sfgov.org, 355-3714
EXISTING ISSUE/PRESENT LAW (specify "State" or "Federal")	State AB 1019 Carpet recycling
FEDERAL OR STATE REQUEST	□ Federal X State
RECOMMENDED PROPOSAL	Support
DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	Existing law requires the Department of General Services, to the extent feasible and within existing resources, to take appropriate steps to ensure that postconsumer carpet removed from state buildings is managed in a manner that diverts the carpet from landfills and recycles it into secondary products or manages it in a manner consistent with the state's hierarchy for waste management practices. This bill would require the department to take those steps by January 1, 2014.
RECOMMENDED COUNTY POSITION (Please check appropriate box)	□ SPONSOR X SUPPORT □ OPPOSE □ OTHER & Describe
FISCAL IMPACT	None
ANALYSIS OF POTENTIAL IMPACT TO OTHER DEPARTMENTS	None
REVIEW/APPROVAL BY DEPT. HEAD	**Signature** Melanie Nutter
DATE SUMITTED	3/31/11

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SUBMITTING DEPARTMENT/OFFICE	City Attorney's Office
CONTACT PERSON/EMAIL and Phone #	Mary Jane Winslow maryjane.winslow@sfgov.org 554-4276
EXISTING ISSUE/PRESENT LAW (specify "State" or "Federal")	AB 1354 (Huber) would prohibit California public entities from holding retention on public work projects. Long-standing law and industry practice allow public (and private) owners to withhold funds from progress payments made during the course of construction. The total withholding, or retention (also referred to as retainage), usually ranges from 5% to 10% of the total contract amount, and is paid upon final completion. Prohibitions against excessive or extending holding of retention already exist in current law (Public Contracts Code, section 7107).
FEDERAL OR STATE REQUEST	□ Federal XState
RECOMMENDED PROPOSAL	Oppose AB 1354(Huber)
DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	Retention is important because it provides the public entity with an immediate source of funds to cover remediation of defective or incomplete work, forfeitures for prevailing wage violations or other statutory/regulatory violations, and subcontractor stop notice claims. Eliminating retention means creating risk for public entities: Without the public entity holding retention funds, a public work contractor is more likely to abandon a project near completion. While the public entity could then make a claim against a performance bond, if any, or sue for breach of contract, such remedies are inefficient and costly to taxpayers. Retention protects taxpayer investment in public work by providing the availability of funds for the proper and timely completion of projects, even when a contractor fails to perform in conformance with the terms and conditions of the construction contract.
RECOMMENDED COUNTY POSITION (Please check appropriate box)	□ SPONSOR □ SUPPORT X **OPPOSE** □ OTHER & Describe
FISCAL IMPACT	
ANALYSIS OF POTENTIAL IMPACT TO OTHER DEPARTMENTS	
REVIEW/APPROVAL BY DEPT. HEAD	**Signature** _____
DATE SUMITTED	4/4/11

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SUBMITTING DEPARTMENT/OFFICE	Environment
CONTACT PERSON/EMAIL and Phone #	Mark Westlund, mark.westlund@sfgov.org, 355-3714
EXISTING ISSUE/PRESENT LAW (specify "State" or "Federal")	State SB 568 Bans vendors from serving prepared food in Styrofoam containers
FEDERAL OR STATE REQUEST	□ Federal X State
RECOMMENDED PROPOSAL	Support
DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	Prohibit use of polystyrene foam food takeout containers, including clamshells, cups and bowls. Less comprehensive than AB 1358 (2010) in that it only bans EPS, doesn't require "compostable" containers. Sponsored by Clean Water Action & Surf Riders.
RECOMMENDED COUNTY POSITION (Please check appropriate box)	□ SPONSOR X SUPPORT □ OPPOSE □ OTHER & Describe
FISCAL IMPACT	None
ANALYSIS OF POTENTIAL IMPACT TO OTHER DEPARTMENTS	None
REVIEW/APPROVAL BY DEPT. HEAD	**Signature** Melanie Nutter
DATE SUMITTED	3/31/11

City/County of San Francisco-Legislative Proposal Form

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SUBMITTING DEPARTMENT/OFFICE	Department of Public Health/Office of Policy & Planning
CONTACT PERSON/EMAIL and Phone #	This person will be contacted if there are any questions regarding this submittal. Jim Soos/jim.soos@sfdph.org/554-2633
EXISTING ISSUE/PRESENT LAW (specify "State" or "Federal")	Current State law requires city or county health departments to have available the services of a public health laboratory to examine specimens from suspected cases of infections and environmental diseases. A public health lab is not currently defined in statute. Current law also requires any county or city public health lab and its personnel be approved by the state and meet federal Clinical Laboratory Improvement Amendments of 1988 (CLIA) requirements. There are 38 local public health laboratories in California. They serve as the communicable disease reference lab for their jurisdiction or multiple jurisdictions. SF DPH currently operates a public health lab, which reports to the City's Health Officer.
RECOMMENDED PROPOSAL	San Francisco should "oppose unless amended" SB 594 (Wolk) due to the restrictions on flexibility this bill would impose on local health departments. The amendments requested include: • Removal of language in Section 1 (pg 2, line 5) and Section 2 (pg 3, lines 22 & 23) that would require that a local health department's designated public health laboratory must be operated by a city or county. • Removal of language in Section 1 (pg 2, lines 11-13) that would expand the types of lab services that must be provided by a local health department's designated public health lab. • Removal of language in Section 1 (pg 2, lines 17-20) that would require that a public health lab director report to the local health officer. • Change "shall" to "may" on page 2, line 21, to make lab consultation services permissive rather than mandatory.
DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	SB 594 (Wolk) is sponsored by the California Association of Public Health Laboratory Directors (CAPHLD). The bill, as proposed, does the following: • Defines a public health laboratory in statute as one operated by a city or county. • Requires all laboratory services necessary for local health department programs be provided by a city or county's public health lab. • Allows counties to contract for lab services with other county or city public health labs or the State lab. • Requires public health laboratory directors to report to the local health officer. • Requires the CA Department of Public Health to develop and administer written examinations for the certificate of public health microbiologists. This codifies existing regulation requirements. • Adds clarifying definitions of various public health lab related terms including the definition of a public health lab. • Creates a continuing education requirement for public health microbiologists to be administered by the state. • Establishes minimum standards for training public health microbiologists. SF DPH does not object to the provisions of the bill concerning certification and training or public health microbiologists. It is the first four bullets that the Department finds problematic. Specifically, • By requiring that a local health department's designated public health lab be operated by a county or city, (1) the City and County would be prevented from designating a qualified private clinical lab as its

	public health lab and (2) a consortia of counties would be prevented from jointly operating a public health lab. • By expanding the types of lab services that must be provided by a designated public health lab, local health departments could not contract out any lab services to a private clinical lab. • Public health lab directors would be required to report to their local health officer. Although SF's public health lab currently meets all of these requirements, DPH does not believe they should be put in statute. CHEAC and CSAC have both taken an "oppose unless amended" position on this bill, requesting these same amendments. We anticipate that a number of counties (Los Angeles, Orange, Riverside, and San Joaquin) will adopt similar positions.
RECOMMENDED COUNTY POSITION **(Please check appropriate box)**	□ SPONSOR □ SUPPORT **√ OPPOSE UNLESS AMENDED** □ OTHER & Describe
FISCAL IMPACT	No impact on net county costs currently, although enactment of this bill could have a future impact should SF wish to contract any public health lab services to achieve cost savings in the future.
ANALYSIS OF POTENTIAL IMPACT TO OTHER DEPARTMENTS	No impact on other City departments.
REVIEWED/APPROVED BY DEPT. HEAD	**√ Yes** □ No
DATE SUMITTED	March 30, 2011

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SUBMITTING DEPARTMENT/OFFICE	Department of Public Health/Office of Policy & Planning
CONTACT PERSON/EMAIL and Phone #	Jim Soos/jim.soos@sfdph.org 554-2633
EXISTING ISSUE/PRESENT LAW (specify "State" or "Federal")	The federal Patient Protection and Affordable Care Act, requires each state to, by January 1, 2014, establish an American Health Benefit Exchange that makes available qualified health plans to qualified individuals and employers. Existing state law establishes the California Health Benefit Exchange within state government. The federal Patient Protection and Affordable Care Act also authorizes the establishment of a basic health program under which a state may enter into contracts to offer one or more standard health plans providing a minimum level of essential benefits to eligible individuals instead of offering those individuals coverage through an Exchange.
FEDERAL OR STATE REQUEST	□ Federal **X State**
BILL NUMBER (Sponsor)	SB 703 (Hernandez)
SCHEDULED HEARINGS?	Assembly Health 7/5/11
RECOMMENDED PROPOSAL	San Francisco should support SB 703, which would establish a Basic Health Plan in California.
DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	The Basic Health Plan option gives California an opportunity to ensure that care is affordable for many of our patients post 2014. We are particularly concerned about those who will be transitioning between Medi-Cal and the Health Insurance Exchange, which will carry significantly higher premiums and cost sharing. Basic Health Plans target this highly vulnerable patient population: those with incomes between 133-200% of the Federal Poverty Limit (FPL), and those legal immigrants who are not Medi-Cal eligible due to their immigration status. If these populations are covered through the Exchange, they would be eligible for premium and cost sharing subsidies. However, if instead they participated in a Basic Health Plan, the federal government would pay 95% of what it would have paid in subsidies for the same population in the Exchange. Recent research on the potential for a Basic Health Plan concluded: • Consumers would receive substantial savings from a Basic Health Plan at no cost to the State General Fund. • On average, consumers in the Exchange with a "silver level" health plan would pay $180 per month through cost-sharing, deductibles, or co-insurance.

City/County of San Francisco-Legislative Proposal Form

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	The same consumers, through a Basic Health Plan, would pay an average of just $21 per month. • A Basic Health Plan could result in higher rates to providers than current Medi-Cal managed care rates. At a time when the State is proposing further reductions to Medi-Cal fee-for-service rates, and many public hospital systems are grappling with difficult service reductions and closures, such a rate increase could help public hospital systems and other safety net providers to continue providing essential services to our communities.
RECOMMENDED COUNTY POSITION (Please check appropriate box)	□ SPONSOR **X SUPPORT** □ OPPOSE □ OTHER & Describe
FISCAL IMPACT	Potential positive impact on revenue for DPH's Community Oriented Primary Care and SFGH due to higher rates than received under Medi-Cal managed care.
ANALYSIS OF POTENTIAL IMPACT TO OTHER DEPARTMENTS	No impact to other departments.
REVIEW/APPROVAL BY DEPT. HEAD	**Signature**
DATE SUMITTED	July 1, 2011

TRANSPORTATION POLICY PROPOSAL

a. **Transportation Funding and FY2012-13 State Budget:** Advocate to protect existing state transportation funds from being used for non-transportation purposes. California voters have put in place significant protections, most recently through the adoption of Proposition 22 (November 2010), a constitutional amendment that prohibits diversion of the gas tax to non-transportation purposes and restricts the diesel sales tax to public transit. However, a portion of the diesel sales tax that was added as part of the gas tax swap is not protected by Proposition 22 and is therefore vulnerable to diversion, given the significant shortfalls that exist even in the current year budget.

b. **State Bond Funding:** Proposition 1A (High Speed Rail Bond) and Proposition 1B Infrastructure Bonds: Prop 1A: Advocate to help ensure that SFMTA and designated rail operators receive their appropriate share of high-speed rail connectivity funds from Proposition 1A (November 2008), as approved by the voters and contained in the California Transportation Commission's adopted program of projects for this fund source. The SFMTA is scheduled to receive $61 million in Prop. 1A funds and all are committed to the funding plan for the Central Subway project. Prop 1B: Support necessary annual appropriations from the Proposition 1B Public Transit Modernization, Improvement, Service Enhancement Account (PTMISEA) designated for transit projects. Work with regional and state transportation interests to coordinate with the Department of Transportation, Department of Finance and other entities as necessary to ensure that the annual allocations are being made to the Prop. 1B program. Future Bonds: Support efforts to lower the voter threshold for local transportation revenue measures from 2/3rds to 55 percent.

c. **California Environmental Quality Act (CEQA) Reform:** Support legislative efforts to simplify the CEQA review process. Support efforts to include the addition of public transit, bicycle, pedestrian, and transit-oriented development (TOD) projects following legislation recently signed into law that expedites certain infrastructure projects under CEQA.

d. **Taxi Legislation and Policy:** Support, sponsor, and monitor as appropriate state legislation related to taxi industry issues governed by the California Vehicle Code, California Government Code and California Public Utilities Code. Coordinate with statewide taxi interests on legislative efforts relating to taxi regulations and policy.

e. **Fare Evasion Citation Enhancement:** Support efforts to strengthen enforcement of proof of payment as appropriate to encourage citation payment and compliance. State law sponsored by the SFMTA and enacted in 2006 (SB 1749-Migden), authorized the City and County of San Francisco and Los Angeles to establish administrative penalties for various transit related violations including fare evasion and eating, drinking or smoking on a transit

vehicle. This change allowed the SFMTA to adjudicate citations administratively rather than criminally through the Superior Court system. The SFMTA implemented this change in February of 2008 significantly improving the processing of these citations while reducing the workload of the Superior Court. Citations issued under this program are processed consistent with parking citations and efforts will be explored to enhance compliance and fine collection under this program.

f. **Regional Governance and AB 57 (Beall):** In support of the City and County of San Francisco and SFMTA's funding and policy interests at the regional level, continue to engage in efforts associated with proposed changes in AB 57 to representation at the nine-county Metropolitan Transportation Commission (MTC). The Commission is currently comprised of 16 voting members, including two from San Francisco (one appointed by the Mayor, one appointed by the Board of Supervisors). The City of San Jose and the City of Oakland have made a request to add one seat for each of those cities that would have the result of Santa Clara County and Alameda County having a total of three MTC seats.

FINANCIAL POLICY PROPOSAL

a. **Transit Occupancy Taxes (TOT):** Oppose efforts to limit transit occupancy taxes. Local governments are allowed to assess "transient occupancy taxes" (TOT) on guests for accommodations within their boundaries. Since accommodations vary by market, local governments are allowed to define accommodations for their jurisdiction. San Francisco currently is involved in litigation with "Online Travel Companies" that have been remitting too little TOT revenues. These companies are mounting significant legislative efforts to restrict the TOT. Over the past few years there have been a number of federal and state efforts to restrict the TOT, particularly with respect to the issue at hand with the litigation. A standing opposition to these efforts is requested to facilitate rapid response to efforts to limit TOT. This proposal re-states a standing opposition that the legislative committee has had in place. TOT is the third largest source of local revenue behind property and business taxes. Passage of legislation limiting TOT would lead to an immediate decrease in local revenues that could total hundreds of millions of dollars annually. TOT is the third largest source of local revenue behind property and business taxes. Passage of legislation limiting TOT would lead to an immediate decrease in local revenues that could total hundreds of millions of dollars annually.

HOUSING POLICY PROPOSAL

a. **Infrastructure Financing District Legislation**: Competing IFD bills, including A.B. No. 485 (Ma) and S.B. No. 214 (Wolk) were discussed in the last legislative session. Out of the debate, only SB 310 (Hancock) – Transit Priority Project Program, survived. This bill is of limited use for raising affordable housing funds. Reform IFDs to potentially permit development of affordable housing as a local option for use of tax increment.

b. **Local Taxation Authority**: Support ballot measures and legislation that adjust Prop 13 restrictions on revenue creation. This will be critical to the vitality of the affordable housing industry. SB 653 (Steinberg) and ACA 4 are examples from last session that could be modified or used as a starting point for new legislation. Support similar or related bills.

c. **Affordable Housing and SB375**: Support legislation that links transportation & infrastructure dollars to affordable housing projects. Regions across the state need strategies to develop housing associated with implementing their Sustainable Communities Strategies. SB375 mandates infill development near transit and has enormous infrastructure and affordable housing cost implications. Currently, ABAG is considering new funding mechanisms to provide support for housing and infrastructure in the Bay Area.

City/County of San Francisco-Legislative Proposal Form

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SUBMITTING DEPARTMENT/OFFICE	Treasurer-Tax Collector
CONTACT PERSON/EMAIL and Phone #	Greg Kato / greg.kato@sfgov.org (415)554-6888
EXISTING ISSUE/PRESENT LAW (specify "State" or "Federal")	Existing law authorizes a licensee ("Check Casher") to defer the deposit of a customer's personal check for up to 31 days, prohibits the face amount of the check from exceeding $300, and requires each deferred deposit transaction to be made pursuant to a written agreement
RECOMMENDED PROPOSAL	Oppose AB 1158 (Calderon) Deferred Deposit Transactions. AB 1158 would authorize the face amount of a check for a deferred deposit transaction to be up to $500.
DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	In November 2010, after a landslide vote, Montana joined 15 other states and the District of Columbia in placing double-digit limits on the interest that payday lenders can charge. With shrinking profits in other states, payday lenders are turning to California in an attempt to preserve their profit margins on the backs of struggling Californians, by seeking to increase the allowable loan amount to $500. In 2011, the San Diego City Council unanimously voted to adopt a Council resolution against the usurious interest rates and predatory business model of the payday lenders calling on the California State Legislature to enact a 36% APR interest rate cap on payday loans. Current California law allows a borrower to write a check for a maximum of $300 to borrow $255. The high cost of payday loans (459% APR), together with the short two-week repayment term, virtually ensures that cash-strapped borrowers will not be able to meet their basic expenses and pay off their loan at their next payday. It follows, then, that increasing the amount of debt payday borrowers owe will only increase the likelihood that payday borrowers will not be able to pay off the loan at their next payday, and will be more likely to land in the debt trap. Joining in Opposition: AARP, California Alliance of Californians for Community Empowerment (ACCE) African American Network of Kern County Asian Law Alliance Black Economic Council California Labor Federation - AFL/CIO California Reinvestment Coalition California Teamsters Public Affairs Council California Association for Micro Enterprise Opportunity Catholic Charities of California United Center for Responsible Lending Coalition for Quality Credit Counseling

	Council of Mexican Federations Honorable José Cisneros, Treasurer, City & County of San Francisco Consumers Union Dolores Huerta Foundation Greater Sacramento Urban League Greenlining Institute Insight JERICHO National American Indian Veterans Inc. National Asian American Coalition National Council of La Raza, CA Opportunity Fund Northern California Public Interest Law Firm New America Foundation Silicon Valley Community Foundation Sacramento Housing Alliance Teamsters Public Affairs Council The Americas Group Ubuntu Green United Way of California
RECOMMENDED COUNTY POSITION **(Please check appropriate box)**	□ SPONSOR □ SUPPORT X OPPOSE □ OTHER & Describe
FISCAL IMPACT	No direct costs to City.
ANALYSIS OF POTENTIAL IMPACT TO OTHER DEPARTMENTS	No Direct impacts to departments.
REVIEWED/APPROVED BY DEPT. HEAD	**√ Yes** □ No
DATE SUMITTED	February 3, 2012

This form is located online at http://www.sfgov.org/site/slc_meeting.asp?id=23016 and can be submitted electronically to Trisha.Prashad@sfgov.org

City/County of San Francisco-Legislative Proposal Form

This form should be used to submit legislative proposals for consideration for the 2012 CCSF State Legislative Program. Before submission, proposals must be reviewed and approved by the Department Head. Please send completed form to Renee Willette in the Mayor's Office of Legislative Government Affairs at renee.willette@sfgov.org	
SUBMITTING DEPARTMENT/OFFICE	Treasurer-Tax Collector
CONTACT PERSON/EMAIL and Phone #	Greg Kato / greg.kato@sfgov.org (415)554-6888
EXISTING ISSUE/PRESENT LAW (specify "State" or "Federal")	Existing law provides for employers to remit wages via check or direct deposit. Emerging technologies are available to remit wages via a "paycard" that functions like a debit card. Federal and state wages and benefits are increasingly only available via paycard instruments. Employers are seeking to use paycards to save costs. Employees could benefit from paycards since they could provide a more secure and less expensive method of accessing wages than a check.
RECOMMENDED PROPOSAL	AB 51 (Yamada) clarifies what paycard instruments are legal, and specifies safeguards for their use; particularly what fees may be charged. The legislation currently mandates written employee approval in order to offer wages on a paycard. The proposal is for the City to support AB 51 if amended to remove written employee approval as a pre-condition for offering wages on a paycard.
DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	The City is currently rolling out a paycard instrument for City employees. The Treasurer's Office is in the midst of launching a direct deposit program locally called CurrenC SF which includes payroll cards with the proper safeguards as an alternative for those employees who do not want direct deposit. AB 51 does provide safeguards for employees. However, the current requirement of written employee approval as a pre-condition for offering wages on a paycard would restrict most businesses from moving to paycards.
RECOMMENDED COUNTY POSITION (Please check appropriate box)	□ SPONSOR X SUPPORT – If Amended □ OPPOSE □ OTHER & Describe
FISCAL IMPACT	None.
ANALYSIS OF POTENTIAL IMPACT TO OTHER DEPARTMENTS	None.
REVIEWED/APPROVED BY DEPT. HEAD	**√ Yes** □ No
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SUBMITTING DEPARTMENT/OFFICE	Treasurer-Tax Collector
CONTACT PERSON/EMAIL and Phone #	Jean Alexander / jean.alexander@sfgov.org / (415) 554-4631 Greg Kato / greg.kato@sfgov.org / (415) 554-6888
EXISTING ISSUE/PRESENT LAW (specify "State" or "Federal")	California law provides for both post- and pre-judgment interest on claims against private parties and against public entities. Post-judgment interest accrues on any judgment against a public entity, from the date that judgment is entered. In the absence of the Legislature enacting a statute setting an alternative rate of post-judgment interest, the rate of 7 percent set by the California Constitution applies to both private and public entities. (Cal. Const., Art. XV; C*alifornia Federal Savings & Loan Assn. v. City of Los Angeles* (2006) 143 Cal.4th 342.) The Legislature has not set any specific rate of post-judgment interest that would apply to judgments against public entities arising under the Government Claims Act, which governs most types of claims against local governments, including tort claims, contract claims, and claims for local tax refunds other than property tax refunds.[1] Therefore, the rate of post-judgment interest on such claims against public entities is 7 percent.[2] Exposure to post-judgment interest becomes a significant issue when a public entity seeks to appeal a judgment against it. Appeals may take years to resolve. Public entities are not required to pay a judgment while an appeal is pending, nor are they required to post a bond. However, if a public entity loses its appeal, it must pay post-judgment interest. Pre-judgment interest accrues on those claims against public entities that are for a "fixed" amount of damages. (Civil Code § 3287.) Thus, pre-judgment interest would accrue on claims under a contract for the payment of an exact amount of money, and claims for local tax refunds. In the absence of a specific statute setting the rate of pre-judgment interest, the rate of 7 percent also applies on claims for pre-judgment interest against public entities. That 7 percent rate applies to claims for local tax refunds. (*Macy's Department Stores, Inc. v. City and County of San Francisco* (2006) 143 Cal.App.4th 1444[3]). As for contract claims against public entities, prejudgment interest accrues at the rate specified in the contract or, if the contract specifies no rate, at 10 percent. (Civil Code § 3289; *Teachers' Retirement Board v. Genes* (2007) 154 Cal.App.4th 1012.)

[1] By statute, local property tax refunds earn interest at the greater of 3% or the county's pooled rate for the preceding fiscal year (Revenue & Taxation Code § 5151).
[2] The rate of post-judgment interest against private entities has been set by statute at 10 percent. (Code of Civil Procedure § 685.010.) That rate was enacted in 1982.
[3] In *Macy's*, the Court of Appeal held that state law preempted San Francisco's local ordinance specifying the interest rate payable on local tax refund claims (S.F. Business & Tax Regs. Code § 6.15-2, specifying the San Francisco's "pooled rate").

RECOMMENDED PROPOSAL	The proposed legislation provides for interest at the "pooled rate." There is precedent in state law for using this "pooled rate" as the interest rate applicable to judgments against public entities: Local property tax refunds earn interest at the greater of 3 percent or the county's pooled rate for the preceding fiscal year. (Revenue & Taxation Code § 5151.) **Addition of a new subdivision (c) to existing Civil Code section 3287, specifying the rate of pre-judgment interest applicable to claims against public entities:** *(c) Unless another statute specifies the rate of interest that applies to an entitlement to receive pre-judgment interest under this section from the state or any county, city, city and county, municipal corporation, public district, public agency, or any political subdivision of the state, the rate of interest shall be the lesser of 10 percent per year or the average rate of interest that agency earned on its deposits of public funds during the six month period before judgment is entered.* **Amendment to Civil Code section 3289, to make the 10 percent rate of pre-judgment interest on contract claims inapplicable to public entities [new language in italics]:** Civil Code section 3289. (a) Any legal rate of interest stipulated by a contract remains chargeable after a breach thereof, as before, until the contract is superseded by a verdict or other new obligation. (b) If a contract entered into after January 1, 1986, does not stipulate a legal rate of interest, the obligation shall bear interest at a rate of 10 percent per annum after a breach. *The rate of interest specified in this subdivision shall not apply to a claim against a public entity.* For the purposes of this subdivision, the term contract shall not include a note secured by a deed of trust on real property. **Addition of a new Government Code section 984.5, specifying the rate of post-judgment interest applicable to claims against public entities:** *Government Code section 984.5.* *Unless another statute specifies the rate of interest that applies to a judgment against a public entity or portion thereof that remains unpaid, interest shall accrue at the average rate of interest that agency earned on its deposits of public funds during the six month period before the agency pays the judgment or portion thereof. This section shall not apply to a judgment paid pursuant to section 984.*

DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	THE EXISTING 7 AND 10 PERCENT INTEREST RATES PENALIZE PUBLIC ENTITIES AND PROVIDE A WINDFALL TO CLAIMANTS – NOT BECAUSE OF ANY LEGISLATIVE INTENT TO DO SO, BUT BECAUSE OF HISTORICALLY HIGH INTEREST RATES WHEN THOSE RATES WERE ENACTED INTO LAW Public entities are required to invest their funds conservatively, with the primary objective of safeguarding the principal amount, and the secondary objective of maintaining necessary liquidity. (E.g., Government Code § 27000.5 [investment objectives of county treasurers].) These objectives necessarily limit the rate of return that a public entity can obtain on its investments. For example, in FY08-09, San Francisco earned 2.571% on its investments. San Francisco's rate of return actually exceeds that of many local governments. Nevertheless, it is still much lower than the 7 percent that state law now requires public entities to pay on claims. Thus, even if a local government prudently reserves 100 percent of the funds required to pay a disputed claim, the local government will have to pay a claimant who wins a lawsuit more money than the government has in its reserve account, and likely much more than the claimant could have earned by investing the disputed payments. This situation unfairly burdens public entities, and unjustly enriches successful claimants with a windfall. This inequity is an unintended consequence of historically higher interest rates prevailing when the voters and Legislature enacted the pertinent constitutional and statutory provisions. The voters enacted the constitutional provision containing the "default" provision for interest at the rate of 7 percent, article XV, in 1976. At that time, the 1-year Treasury bill yield was 5.52 percent, the prime rate was 7.86 percent, and the average interest rate on a 6-month CD was 5.63 percent. Likewise, the Legislature enacted Civil Code section 3289, which contains the 10 percent pre-judgment rate for breach of contract claims, in 1985. At that time, the 1-year Treasury bill yield was 7.81 percent, the prime rate was 9.93 percent, and the average interest rate on a 6-month CD was 8.24 percent. POTENTIAL OBJECTORS TO THE PROPOSED LEGISLATION Based on recent history of legislation affecting pre- and post-judgment interest rates, we should expect the plaintiffs' bar to oppose this proposal. In April 2009, Senator Harman introduced SB 393, which would have changed the 10 percent interest rate on judgments to a rate that would vary with changes in market interest rates. SB 393 was characterized as a "tort reform" bill. It applied to both private and public judgment debtors. Moreover, the bill sought to enhance the protections provided to civil defendants under Code of Civil Procedure section 998. The Consumer Attorneys of California opposed the bill, which then failed to pass in the Judiciary Committee. The Committee report mentions that Senator Harman introduced similar legislation in 2005 which also "died in the Assembly Judiciary Committee."
RECOMMENDED COUNTY POSITION **(Please check appropriate box)**	X SPONSOR □ SUPPORT □ OPPOSE □ OTHER & Describe
FISCAL IMPACT	Could significantly reduce interest costs on judgments.

ANALYSIS OF POTENTIAL IMPACT TO OTHER DEPARTMENTS	Would affect all departments subject to litigation.
REVIEWED/APPROVED BY DEPT. HEAD	**√ Yes** □ No
DATE SUMITTED	February 3, 2012

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