



STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0124
(916) 319-2800
FAX (916) 319-2810

Assembly
California Legislature
Committee on Rules

RICHARD S. GORDON
CHAIR

VICE CHAIR
LING LING CHANG

MEMBERS
AUTUMN R. BURKE
NORA CAMPOS
KEN COOLEY
BILL DODD
BRIAN W. JONES
CHAD MAYES
FREDDIE RODRIGUEZ
MARIE WALDRON
JIM WOOD

PATTY LOPEZ (D-ALT.)
JAY OBERNOLTE (R-ALT.)

Tuesday, June 02, 2015
Upon Call of the Chair
State Capitol, Room 3162

CONSENT AGENDA

Requests to Add Urgency Clause

1. AB 954 (Mathis) Relative to Water and Wastewater Loan and Grant Pilot Program.
2. AB 1396 (Bonta) Relative to Public health finance.

[Page 2](#)

[Page 8](#)

AMENDED IN ASSEMBLY MAY 5, 2015

AMENDED IN ASSEMBLY MAY 4, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 954

Introduced by Assembly Member Mathis
(Principal coauthor: Assembly Member Alejo)

February 26, 2015

An act to add Chapter 6.6 (commencing with Section 13486) to Division 7 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 954, as amended, Mathis. Water and Wastewater Loan and Grant Pilot Program.

Existing law, the Safe Drinking Water State Revolving Fund Law of 1997, establishes the Safe Drinking Water State Revolving Fund to provide grants or revolving fund loans for the design and construction of projects for public water systems that will enable those systems to meet safe drinking water standards.

This bill would require the State Water Resources Control Board to establish a pilot program to provide low-interest loans and grants to local agencies for low-interest loans and grants to eligible applicants for specified purposes relating to drinking water and wastewater treatment. This bill would prohibit the board from issuing these loans or grants on or after January 1, 2026. This bill would create the Water and Wastewater Loan and Grant Fund and provide that the moneys in this fund are available, upon appropriation by the Legislature, to the board for expenditure for the pilot program. This bill would transfer to

the Water and Wastewater Loan and Grant Fund \$20,000,000 from the General Fund. This bill would require moneys in the Water and Wastewater Loan and Grant Fund after January 1, 2026, to revert to the General Fund.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature hereby finds and declares the
2 following:

3 (a) Many areas of the state are disproportionately impacted by
4 drought because they are heavily dependent or completely reliant
5 on groundwater from basins that are in overdraft and in which the
6 water table declines year after year or from basins that are
7 contaminated.

8 (b) There are a number of state grant and loan programs that
9 provide financial assistance to communities to address drinking
10 water and wastewater needs. Unfortunately, there is no program
11 in place to provide similar assistance to individual homeowners
12 who are reliant on their own groundwater wells and who may not
13 be able to afford conventional private loans to undertake vital water
14 supply, water quality, and wastewater improvements.

15 (c) The program created by this act is intended to bridge that
16 gap by providing low-interest loans, grants, or both, to individual
17 homeowners to undertake actions necessary to provide safer,
18 cleaner, and more reliable drinking water and wastewater treatment.
19 These actions may include, but are not limited to, digging deeper
20 wells, improving existing wells and related equipment, addressing
21 drinking water contaminants in the homeowner's water, or
22 connecting to a local water or wastewater system.

23 SEC. 2. Chapter 6.6 (commencing with Section 13486) is added
24 to Division 7 of the Water Code, to read:

25
26 CHAPTER 6.6. WATER AND WASTEWATER LOAN AND GRANT
27 PILOT PROGRAM
28

29 13486. (a) The board shall establish a pilot program in
30 accordance with this chapter to provide low-interest loans and

1 grants to local agencies for low-interest loans and grants to eligible
2 applicants for any of the following purposes:

3 (1) Extending or connecting service lines from a water or
4 wastewater system to the applicant's residence or plumbing.

5 (2) Paying reasonable charges or fees for connecting to a water
6 or wastewater system.

7 (3) Paying costs to close abandoned septic tanks and water wells,
8 as necessary, to protect health and safety as required by local or
9 state law.

10 (4) Deepening an existing groundwater well.

11 (5) Improving an existing groundwater well, including associated
12 equipment.

13 (6) Installing a water treatment system if the groundwater
14 exceeds a primary or secondary drinking standard, as defined in
15 Section 116275 of the Health and Safety Code.

16 (b) The board may adopt any regulation it determines is
17 necessary to carry out the purposes of the chapter as an emergency
18 regulation in accordance with Chapter 3.5 (commencing with
19 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
20 Code.

21 (c) The board shall not issue loans or grants pursuant to this
22 chapter on or after January 1, 2026, after which time moneys in
23 the Water and Wastewater Loan and Grant Fund shall revert to
24 the General Fund. This subdivision shall not terminate either of
25 the following rights, obligations, or authorities, or any provision
26 necessary to carry out these rights, obligations, or authorities:

27 (1) The repayment of a loan due and payable to the board.

28 (2) The resolution of a cost recovery action or the initiation of
29 an action or other collection process to recover defaulted loan
30 moneys due to the board or to recover grant moneys paid.

31 13487. (a) The Water and Wastewater Loan and Grant Fund
32 is hereby created in the State Treasury. The moneys in the Water
33 and Wastewater Loan and Grant Fund are available, upon
34 appropriation by the Legislature, to the board for expenditure in
35 accordance with this chapter.

36 (b) The following moneys shall be deposited in the Water and
37 Wastewater Loan and Grant Fund:

38 (1) Moneys repaid to the board pursuant to ~~any~~ a grant or loan
39 made in accordance with this chapter, including interest payments.

(2) Notwithstanding Section 16475 of the Government Code, any interest earned upon the moneys in the Water and Wastewater Loan and Grant Fund.

13488. (a) An eligible applicant for a loan shall meet all of the following criteria:

(1) Have a household income below the statewide median household income.

(2) Have an ownership interest in the residence.

(3) Be unable to obtain financial assistance at reasonable terms and conditions from private lenders and lack the personal resources to undertake these improvements.

(4) Demonstrate an ability to repay the loan. This requirement may be satisfied by having another party join the application as a cosigner.

(b) Any loan granted shall be secured by a mortgage on the residence and repaid within 20 years in accordance with terms established by the board. The interest rate on the loan shall not exceed 1 percent. While any balance on the loan is outstanding, a loan recipient shall furnish evidence of and continually maintain homeowner's insurance on the security residence to protect the state's interest in the residence.

(c) The board may enter into a contract with a private financial institution to provide loans consistent with the purposes of this chapter. If the board exercises this authority, the board may utilize a portion of the moneys in the Water and Wastewater Loan and Grant Fund to provide a loan guarantee or similar loss mitigation mechanism.

13489. (a) An eligible applicant for a grant shall meet all of the following criteria:

(1) Have a household income that is 60 percent or less of the statewide median household income.

(2) Have an ownership interest in the residence.

(3) Be unable to obtain financial assistance at reasonable terms and conditions from private lenders and lack the personal resources to undertake these improvements.

(b) A grant recipient shall repay to the board the grant amount in full if that recipient sells the residence less than five years from the date that the grant agreement was signed.

(c) A grant recipient shall repay to the board any unused grant funds.

1 SEC. 3. Twenty million dollars (\$20,000,000) is hereby
2 transferred from the General Fund to the Water and Wastewater
3 Loan and Grant Fund.

O



Assembly Committee on Appropriations

Assemblymember Jimmy Gomez, Chair

CHIEF CONSULTANT
PEDRO R. REYES
CONSULTANTS
MISTY FEUSAHRENS
JENNIFER GALEHOUSE
LISA MURAWSKI
CHUCK NICOL
JENNIFER SWENSON
JOEL TASHJIAN

California Legislature

June 1, 2015

Honorable Richard Gordon, Chair
Assembly Rules Committee
State Capitol, Room 3016

Dear Assemblymember Gordon:

I am writing to respectfully request that the committee approve the adoption of an urgency clause for AB 954 (Mathis), which is a bill to enact the Water and Waste Water Loan and Grant Program.

Thank you for your consideration of this request. Please do not hesitate to contact my office if you should have any questions.

Sincerely,



JIMMY GOMEZ
Chair



AMENDED IN ASSEMBLY APRIL 16, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1396

Introduced by Assembly Member Bonta
(Principal coauthor: Senator Pan)

February 27, 2015

An act to add Sections 30130.53 and 30130.55 to the Revenue and Taxation Code, relating to ~~Medi-Cal~~ public health finance, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1396, as amended, Bonta. ~~Medi-Cal~~. Public health finance.

The Cigarette and Tobacco Products Tax Law, the violation of which is a crime, imposes a tax of \$0.87 per package of 20 cigarettes on every distributor of cigarettes and a tax on the wholesale cost of tobacco products distributed at a tax rate that is equivalent to the combined rate of all taxes imposed on cigarettes, and at a rate equivalent to \$0.50 per pack cigarette tax. Revenues from taxes imposed under this law are deposited in specified accounts. These taxes are inclusive of the taxes imposed under the Tobacco Tax and Health Protection Act of 1988 (Proposition 99) and the California Children and Families Act of 1998 (Proposition 10).

This bill would require moneys collected from an additional tax to be imposed on the distribution of cigarettes, a related floor stock tax, and a cigarette indicia adjustment tax deposited into the California Tobacco Tax Act of 2015 Fund, and transferred from that fund to the California Children and Families Trust Fund, which is a continuously appropriated fund, the Cigarette and Tobacco Products Surtax Fund, the Breast Cancer Fund, and the General Fund, as necessary to offset

revenue decreases to those funds directly resulting from additional taxes to be imposed.

This bill would also continuously appropriate funds of accounts in the California Tobacco Tax Act of 2015 Fund to specified state entities supplement tobacco prevention and control programs, to improve existing programs to provide quality and access to health care programs for families and children, and to supplement funding for the enforcement of laws that regulate the distribution and sale of cigarettes and other tobacco products, as specified.

This bill would require the Department of Justice, the State Department of Public Health, the State Department of Education, the State Department of Health Care Services, and would request the Regents of the University of California, annually to publish an accounting of moneys received from the fund on their respective Internet Web sites.

This bill would become operative only if SB 591 of the 2015–16 Regular Session is also enacted and takes effect on or before January 1, 2016.

~~Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing federal law requires, among other things, that a state plan for medical assistance provide methods and procedures relating to the utilization of, and the payment for, care and services available under the plan as may be necessary to assure that payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that care and services are available to the general population in the geographic area.~~

~~This bill would state the intent of the Legislature to enact legislation to align state law with federal law, as specified above, and to require an independent, third party to establish standardized metrics on access to care and quality of care, and to assess services using those metrics.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 30130.53 is added to the Revenue and*
2 *Taxation Code, to read:*

3 30130.53. (a) *The board shall determine within one year of*
4 *the effective date of this act, and annually thereafter, the effect*
5 *that the additional taxes imposed on cigarettes by this article, and*
6 *the resulting increase in the tax on tobacco products required by*
7 *subdivision (b) of Section 30123, have on the consumption of*
8 *cigarettes and tobacco products in this state. To the extent that a*
9 *decrease in consumption is determined by the board to be a direct*
10 *result of the additional tax imposed by this article, or the resulting*
11 *increase in the tax on tobacco products required by subdivision*
12 *(b) of Section 30123, the board shall determine the fiscal effect*
13 *the decrease in consumption has on the Cigarette and Tobacco*
14 *Products Surtax Fund created by Section 30122 (Proposition 99*
15 *as approved by the voters at the November 8, 1988, statewide*
16 *general election), the Breast Cancer Fund created by Section*
17 *30461.6, the California Children and Families Trust Fund created*
18 *by Section 30131 (Proposition 10 as approved by the voters at the*
19 *November 3, 1998, statewide general election), and the General*
20 *Fund with respect to revenues derived from Section 30101.*

21 (b) *Funds shall be transferred from the California Tobacco Tax*
22 *Act of 2015 Fund, to the Cigarette and Tobacco Products Surtax*
23 *Fund, the Breast Cancer Fund, the California Children and*
24 *Families Trust Fund, and the General Fund, to offset the revenue*
25 *decrease directly resulting from imposition of additional taxes by*
26 *this article.*

27 (c) *Transfers under this section shall be made by the board at*
28 *times as the board determines necessary to further the intent of*
29 *this section.*

30 *SEC. 2. Section 30130.55 is added to the Revenue and Taxation*
31 *Code, to read:*

32 30130.55. (a) *Notwithstanding any other law, the California*
33 *Tobacco Tax Act of 2015 Fund is a trust fund established solely*
34 *to carry out the purposes set forth in this article, and all revenues*
35 *deposited into the California Tobacco Tax Act of 2015 Fund,*
36 *together with interest earned by the fund, shall be expended only*
37 *in accordance with this article and its purposes.*

1 **(b) (1) Funds in the Tobacco Prevention and Education Account**
2 **are hereby appropriated with out regard to fiscal year to**
3 **supplement tobacco prevention and control programs as follows:**

4 **(A) ___ percent to the State Department of Public Health.**

5 **(B) ___ percent to the State Department of Education.**

6 **(C) ___percent to the University of California.**

7 **(2) Funds in the Tobacco Disease Related Health Care Account**
8 **are hereby appropriated without regard to fiscal years to the State**
9 **Department of Health Care Services to improve existing programs**
10 **to provide quality and access to health care programs for families**
11 **and children pursuant to Chapter 7 (commencing with Section**
12 **14000) to Chapter 8.9 (commencing with Section 14700), inclusive,**
13 **of Part 3 of Division 9 of the Welfare and Institutions Code.**

14 **(3) Funds in the Tobacco Law Enforcement Account are hereby**
15 **appropriated without regard to fiscal years to the board, the**
16 **Department of Justice, and the State Department of Public Health**
17 **for the purpose of supplementing funding for the enforcement of**
18 **laws that regulate the distribution and sale of cigarettes and other**
19 **tobacco products, including, but not limited to, laws that prohibit**
20 **cigarette smuggling, counterfeiting, selling untaxed tobacco, selling**
21 **tobacco without a proper license, and selling tobacco to minors,**
22 **and enforcing tobacco-related laws, court judgments, and**
23 **settlements.**

24 **(c) Not more than 2 percent of the funds received from the**
25 **California Tobacco Tax Act of 2015 Fund shall be used by any**
26 **state recipient for administrative costs.**

27 **(d) The Department of Justice, the State Department of Public**
28 **Health, the State Department of Education, and the State**
29 **Department of Health Care Services shall, and the Regents of the**
30 **University of California are requested to, on an annual basis,**
31 **publish on their respective Internet Web sites an accounting of**
32 **moneys received from the California Tobacco Tax Act of 2015**
33 **Fund and how the moneys were spent.**

34 **SEC. 3. This act shall become operative only if Senate Bill 591**
35 **of the 2015–16 Regular Session is also enacted and takes effect**
36 **on or before January 1, 2016.**

37 -

38 ~~**SECTION 1. It is the intent of the Legislature to enact**~~
39 ~~**legislation that would align state law with federal law, specifically**~~
40 ~~**to assure that Medi-Cal “payments are consistent with efficiency,**~~

1 ~~economy, and quality of care and are sufficient to enlist enough~~
2 ~~providers so that care and services are available under the plan at~~
3 ~~least to the extent that such care and services are available to the~~
4 ~~general population in the geographic area” (42 U.S.C. See.~~
5 ~~1369a(a)(30)(A)), that would require an independent, third party~~
6 ~~to establish standardized metrics on access to care and quality of~~
7 ~~care, and that would require that same entity to annually assess,~~
8 ~~using the standardized metrics, services provided to Medi-Cal~~
9 ~~beneficiaries, and report those findings annually to the Legislature.~~
10 -

O

Assembly
California Legislature



ROB BONTA
ASSEMBLYMEMBER, EIGHTEENTH DISTRICT

June 1, 2015

The Honorable Richard Gordon
Chair, Assembly Rules Committee
State Capitol, Room 3016
Sacramento, CA 95814

Dear Assemblymember Gordon,

I respectfully request permission to add an urgency clause to AB 1396.

The author of AB 1396's companion bill (SB 591) intends to add urgency language so the bill takes effect immediately. We are proposing addition of an urgency clause to AB 1396 to ease implementation issues by ensuring both bills become operative at the same time. For example, AB 1396 will need the same language to ensure that programs currently funded by existing tobacco taxes are backfilled for any revenue loss occurring in this fiscal year from decreased tobacco usage and these important programs are not disadvantaged. An urgency clause will also ensure that the additional revenue generated by SB 591 is available for appropriation by the Legislature.

Sincerely,

A handwritten signature in black ink that reads "Rob Bonta".

Rob Bonta
Assemblymember, 18th District