Welcome!
Thanks for taking a look at our inaugural SCCA Legislative Committee Newsletter. We hope you enjoy it! It is our plan to publish this document twice a month with information pertaining to the SCCA Legislative Committee’s activities as well as reports on the latest rumors, legislation and policy proposals in Sacramento. Please let us know if you have any questions or comments. You can reach me at toddb@bblobby.com or at 916 444-9453. So without further ado, enjoy the Volume 1 Issue 1!

Rumor Has It….
….That a new Dig Alert proposal is in the 2016 Governor's Budget giving the California Public Utilities Commission enforcement authority.

Fact Check!!! There are no facts to support this rumor. The Governor announced his proposed budget earlier this month and there are no new Dig Alert proposals. We will continue to keep an eye on the 2016 Budget and any potential changes to Dig Alert.
Assembly Bill 326

AB 326 by Assemblymember Jim Frazier (D-Fairfield) passed the Assembly Labor and Employment Committee on Jan 6th. It will require the Department of Industrial Relations (DIR) to return any funds held in escrow within 30 days after an administrative or judicial review has finished. SCCA supports AB 326. The bill is sponsored by the Associated General Contractors of California.

This is a positive measure for contractors that voluntarily work with the DIR in prevailing wage violations and hold themselves accountable for the mistakes they have made. AB 326 recognizes that sometimes good contractors make mistakes. It is only reasonable for the state to release escrow funds in a timely manner if a court or the department later determines that the entire amount of funds held are not required to satisfy the assessment or notice.

Passage of this bill by the committee is the first step in the process for a bill to become law. We will continue to support this measure that balances responsibility for both contractors and the state.

Bottom Line: Even good contractors make mistakes. AB 326 ensures fair treatment for contractors by returning excess funds should any remain after administrative or judicial review.

Assembly Bill 1591

Governor Jerry Brown called for a comprehensive transportation funding plan last year and even called the legislature into a special session to discuss the poor condition of California’s streets and highways. After many proposals and lots of talk, the legislature failed to pass a plan last year.

Assemblyman Jim Frazier announced his new proposal to significantly shore up California’s transportation funding. His bill, AB 1591, proposes a significant long term investment in transportation funding with nearly $8 billion in new annual funding.

Here’s a breakdown on the Assemblyman’s proposal.

REVENUE:

- Gas Tax - increased by 22.5 cents per gallon - raising $3.3 billion
- Diesel Tax - increased by 30 cents per gallon - raising $840 million annually.
- Registration Fee - increased by $38 - raising $1.25 billion annually
- Cap & Trade Revenue - Dedicate 20% for freight programs amounting to $400 million annually.
- Truck Weight Fees - restored - raising $1 billion annually
- Outstanding Loans Repaid - one-time infusion of $879 million.
- Electric Vehicle Fees - $165 per vehicle raises $16 million annually.

EXPENDITURES:

- State and Local Road Repairs - funded from the gas tax and registration fees - $4.55 billion.
- Trade Corridors - funded with the diesel tax - $840 million.
- State Highways - funded with the truck weight fees - $1 billion.
- Cities and Counties Road Repairs - funded from outstanding loan repayments - $879 million.

Assemblymember Frazier says, “California must invest in its trade corridors if we hope to develop and sustain economic vitality. Manufacturers and farmers want to be able to move their goods to market and AB 1591 will provide the investments we need to ensure that they can.”

Supporting tax increases is tricky. Historically the SCCA Legislative Committee has opposed new taxes. The only exception is when the revenue from the new funding is specifically dedicated to infrastructure. The Legislative Committee will consider a position on AB 1591 at its March meeting.

Video Weblog

The January edition of the Web blog is available at: https://youtu.be/oBjGxeOgrA.

Political Quote of Volume 1 Issue 1

We live in a society in which spurious realities are manufactured by the media, by governments, by big corporations, by religious groups, political groups. I ask, in my writing, ‘What is real?’ Because unceasingly we are bombarded with pseudo realities manufactured by very sophisticated people using very sophisticated electronic mechanisms.

-- Philip K. Dick
Anti-Poverty Proposal Threatens Prop 13 and Property Owners

With the California Legislature back in Session for 2016, we are already starting to hear about the Lifting Children and Families Out of Poverty Act. This initiative comes in response to some of Governor Jerry Brown’s actions last year. Many people, including legislators, feel the issue of California poverty is not being adequately addressed.

While we are still waiting on many details to see if this initiative will be on the November ballot, what we know right now is that the initiative would impose a new property tax on properties valued at $3 million or more. Supporters state that the initiative maintains “all Proposition 13 property tax protections against reassessments … in place.” But it appears the proposal is looking for $6 to $7 billion in new revenue to come from commercial property owners.

This revenue would be used to “fully fund” existing and new anti-poverty programs. The Reason foundation wrote a great article that you can find by clicking this link. The article states “California has only a limited number of high end houses, so this measure becomes a new tax on many commercial properties. As a result, critics say it’s a tax on job creation. It could make it more costly for brick-and-mortar companies to expand their operations. The measure was amended to include an exemption for all but the most costly rental properties based on a formula.”

Sadly, Proposition 13 is one of the very few anti-tax protections on the California books. Some in the political field have called attempts to change as a “political third rail.” The analogy of course refers to people being electrocuted by touching the third rail in a subway. I haven’t heard it been used in a while. We’ll soon see if it still holds true.

Of course we’ll continue to monitor this initiative, along with other anti-poverty bills and initiatives that we are sure to see this year.

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