

SEISMIC SAFETY COMMISSION

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**Memorandum**

August 31, 2005

To: Commissioners

From: Henry Sepulveda
Director of Legislative Affairs

Subj: Legislative Report for September Commission Meeting

This memorandum updates action on Commission-sponsored bills and other legislation of interest to the Commission.

COMMISSION-SPONSORED LEGISLATION

AB 584 (Blakeslee), which was signed into law by the Governor on July 21, is a technical clean-up measure that deletes obsolete provisions in the Government Code relating to a 1991 Earthquake Technologies Conference organized by the Commission.

AB 1374 (Liu) – This bill, which extends the existing July 1, 2007 sunset on the Commission's funding arrangement using the Seismic Safety Account in the Insurance Fund, was approved by the Senate Banking, Finance, and Insurance Committee on June 30 by a 6-3 vote.

On August 15, the bill was amended to insert a new sunset date of July 1, 2013. The amendment was made at the suggestion of the Senate Insurance Committee Chair (Sen. Jackie Speier of San Francisco).

At its August 15 initial hearing on the bill, the Senate Appropriations Committee voted to place AB 1374 on its Suspense File, pending further consideration at the August 25 hearing. The bill was placed on the Suspense File, per standard Committee policy, because the bill calls for additional public spending beginning in 2007-08. The Committee routinely refers bills requiring new spending to its Suspense File, and decides later on those bills' disposition at a special "Suspense File" hearing.

On August 25, the Senate Appropriations Committee passed AB 1374 on an 8-5 vote. The bill will next be considered by the full Senate and, if approved, referred back to the Assembly for concurrence with the August 15 amendments.

Support for AB 1374. Insurance Commissioner John Garamendi and the Department of Insurance (managers of the Insurance Fund) support the passage of AB 1374. The bill is also supported by Consulting Engineers and Land Surveyors of California, Professional Engineers in California Government and the California Medical Association.

Opposition to AB 1374. The Personal Insurance Federation of California (PIF), representing five large insurance firms is opposed to AB 1374 and has testified in strong opposition at the Senate committees' hearings. The PIF, though apparently supportive of the Commission, wants to discontinue the Commission's reliance on the Insurance Fund, and to substitute an alternate funding source, beginning in 2007.

PIF's legislative agents have rebuffed repeated efforts by Commission staff to address PIF's concerns and remove its opposition to AB 1374. The Association of California Insurance Companies is also opposed to AB 1374 for the same reasons cited by PIF.

SB 1054 (Soto) was signed into law by the Governor on July 19. This bill:

- (1) Establishes that the UBC (California Building Code) applies to charter school facilities, unless pre-empted by the Field Act;
- (2) Imposes a January 2007 deadline for non-compliant charter school facilities to achieve compliance with this bill's requirements;
- (3) Exempts buildings used by charter schools that are owned or controlled by federal agencies; and
- (4) Clarifies that local building agencies would be responsible for applying and enforcing the building codes on covered charter school facilities.

OTHER PENDING LEGISLATION

AB 304 (Hancock)

SSC Position: **Support**

This measure authorizes local governments to establish seismic retrofit standards for soft-story multi-unit residential buildings. Patterned after existing local URM programs, this bill gives local governments the option to set-up local regulatory efforts to cover soft-story buildings, so long as the programs conform to a nationally recognized model building code. The bill allows local programs to continue (per local guidelines) until the State Building Standards Commission approves a building rehabilitation/reconstruction standard for statewide application.

Update: AB 304 was approved by the Senate Transportation and Housing Committee on June 28 and passed by the Senate Appropriations

Committee on August 15. On August 29, it was passed on a 24-12 vote by the full Senate. It is currently in the Assembly for concurrence with Senate amendments after the suspension of Assembly Bill 77.

AB 1046 (Frommer)

SSC Position: **Oppose, unless Amended**

This bill was amended on June 23. The previous version of the bill was entirely stricken and the contents of **AB 1275 (Frommer)** were inserted in the measure.

AB 1275 stalled as “2-year bill” in the Assembly Appropriations Committee. Under legislative rules, because **AB 1275** is on the “Suspense File” of the Appropriations Committee, it may not be taken up again until 2006. However, **AB 1046 (Frommer)** --in its previous version— had already been approved by Assembly Committees and the full Assembly. It is currently pending before the Senate Health Committee (no hearing date set). Thus, by amending AB 1046 with all the provisions in **AB 1275**, the action effectively overcomes the procedural blockage of the Appropriations Committee’s Suspense file.

The Commission adopted an “Oppose Unless Amended” position on **AB 1275**. At its July meeting, the Commission voted to take a similar position on AB 1046 because the same provisions that are in AB 1275 now appear in the current version of AB 1046.

AB 1046 authorizes the issuance of \$5 billion in state general obligation bonds to fund hospital seismic improvements undertaken by public and non-profit hospitals to comply with the Alquist Hospital Seismic Safety Act. However, the bill also contains a trigger clause that –if the voters do not approve the issuance of the state bonds-- grants public and non-profit hospitals a delay (up to 2030) of the existing 2008/2013 deadlines. To qualify for the delay, a hospital need only demonstrate that it has a debt-to-capitalization ratio in excess of 50 percent. In addition, if the voters approve the issuance of the bonds, all the statutory deadlines (i.e., 2008, 2013, etc.) would be automatically extended for five years following the initial sale of the bonds. The 2030 deadline would not be affected.

At its May meeting, the Commission (on the Legislative Advisory Committee’s recommendation) voted to adopt an “Oppose Unless Amended” position on AB 1275. The Commission found that the voters’ rejection of the proposed bonds is an inappropriate basis to justify further extensions of the existing deadlines. Consequently, the Commission urges the deletion of the trigger clauses in AB 1046 and in AB 1275.

Update: AB 1046 was amended on August 16 to add an urgency clause. The bill is pending before the Senate Health Committee.

AB 1200 (Laird)SSC Position: **Neutral**

This bill directs the Department of Water Resources to study the impact of various natural disasters (specifically including earthquakes) on the Sacramento-San Joaquin Delta levee system. In collaboration with the Department of Fish and Game, DWR is to report its evaluation and findings by January 2008.

The Commission has not taken a formal position on this legislation.

Update: Bill was passed by the Senate Appropriations Committee and is pending on the Senate floor.

SB 167 (Speier)SSC Position: **SIA**

This measure suspends the 2008/2013 deadlines for hospitals to comply with the SB 1953 law and accelerates the 2030 deadline to 2020 for hospitals that adopt a formal resolution to adhere to the accelerated schedule. In addition, hospitals on the “2020” track” must submit their final plans to OSHPD by 2015. At the May 2005 meeting, the Commission voted to take a “Support if amended” position if the bill was modified to include a statutory provision validating the hospitals’ resolutions.

Update: This bill failed before the Assembly Health Committee on July 5 and has been designated as a “2-year” bill.

SB 224 (Chesbro)SSC Position: **Neutral**

As originally proposed, this bill directed the Office of Statewide Health Planning and Development (OSHPD) to expand its program that exempts certain health facilities from pre-construction plan review to include multi-story hospital buildings. The bill was subsequently amended to order OSHPD to create a plan review pilot project for multi-story hospital buildings

Update: Approved by the Assembly on August 30 on a 79-0 vote. It has been referred to Senate Unfinished Business.

SB 477 (Soto and Alarcon)SSC Position: **Support**

SB 477 authorizes (permissive) OES to establish a model disaster recovery process. The process (plan) is to be shared with local communities to expedite recovery from a Governor-declared disaster. This proposal for a post-disaster recovery plan is similar to a previous legislation sponsored by the Commission in 1999-2000.

Update: Passed by the full Assembly and sent to the Governor.

SB 491 (Ducheny)SSC Position: **Watch**

This bill proposes the “Earthquake Safety and Hospital Preservation Bond Act,” authorizing the issuance of state general obligation bonds to finance seismic safety improvements (retrofit or new construction) to nonprofit and public general acute care hospitals. Total amount of bonds is \$5 billion.

Similar to AB 1047 (Levine) and AB 1046 (Frommer), this measure generates needed funds to expedite compliance with the Alquist Act. It is consistent with current Commission policy to promote the seismic safety of hospital facilities. However, the bill also provides a complex depreciation tax break for certain private investor-owned hospitals. This tax incentive may have significant fiscal consequences on future state tax revenues that could jeopardize enactment of the bill, especially when coupled with the tax-exempt nature of general obligation bonds.

The bill is in the Suspense File of the Senate Revenue and Taxation Committee.

Update: This bill is now designated as a “2-year bill.”

SB 546 (Dutton)SSC Position: **Neutral**

Under this bill, the Governor’s Office of Emergency Services (OES) is authorized to enter into agreements with private sector firms to integrate private sector emergency preparedness activities with government disaster planning programs. The coordination of public-private ventures (systems and facilities) shall be done on a voluntary basis, and will be supported solely by donated funds (grants and private sources).

Update: This measure was passed by the Legislature and signed into law by the Governor.