



SAN DIEGO COUNTY  
REGIONAL AIRPORT AUTHORITY  
**STAFF REPORT**

Item No.  
**13**

Meeting Date: **SEPTEMBER 1, 2011**

**Subject:**

**September 2011 Legislative Report and Update from Legislative Consultants**

**Recommendation:**

Adopt Resolution No. 2011-0109, approving the September 2011 Legislative Report.

**Background/Justification:**

The Legislative Advocacy Program Policy adopted by the Board on November 10, 2003, requires Authority staff to present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The September 2011 Legislative Report updates Board members on legislative activities that have taken place during the month of August. The Authority Board can give direction to staff on legislative issues contained in the attached Legislative Report (Attachment A).

**State Legislative Action**

The Authority's legislative team is not recommending that the Board adopt any new positions on State legislation this month.

On August 9th, the State Controller announced that state revenue was 10.3% (\$538.8 million) below budget projections for the first month of the new fiscal year. The budget requires mid-year funding reductions for higher education, and health and social services programs if the shortfall reaches \$1 billion. A \$2 billion shortfall would trigger a second tier of funding reductions for elementary schools and community colleges.

The State Legislature returned from its summer legislative recess on August 15th.

**Federal Legislative Action**

The Authority's legislative team is not recommending that the Board adopt any new positions on Federal legislation this month.

Following a two-week partial shutdown of the Federal Aviation Administration (FAA), the President signed into law a bill extending FAA programs and excise taxes through September 16, 2011. Congress is expected to consider another extension or multi-year FAA Reauthorization bill when it returns from their summer legislative recess on September 6th.

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**Environmental Review:**

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Equal Opportunity Program:**

Not applicable.

**Prepared by:**

MICHAEL KULIS  
DIRECTOR, INTER-GOVERNMENTAL RELATIONS

RESOLUTION NO. 2011-0109

A RESOLUTION OF THE BOARD OF THE SAN  
DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY, APPROVING THE SEPTEMBER 2011  
LEGISLATIVE REPORT

WHEREAS, the Authority operates San Diego International Airport as well as plans for necessary improvements to the regional air transportation system in San Diego County, including serving as the responsible agency for airport land use planning within the County; and

WHEREAS, the Authority has a responsibility to promote public policies consistent with the Authority's mandates and objectives; and

WHEREAS, Authority staff works locally and coordinates with legislative advocates in Sacramento and Washington, D.C. to identify and pursue legislative opportunities in defense and support of initiatives and programs of interest to the Authority; and

WHEREAS, under the Authority's Legislative Advocacy Program Policy, the Authority Board gives direction to Authority staff on pending legislation; and

WHEREAS, the Authority Board in directing staff may adopt positions on legislation that has been determined to have a potential impact on the Authority's operations and functions;

NOW, THEREFORE, BE IT RESOLVED that the Board of the San Diego County Regional Airport Authority hereby approves the September 2011 Legislative Report (Attachment A); and

BE IT FURTHER RESOLVED that the Board of the San Diego County Regional Airport Authority finds that this Board action is not a "project" as defined by the California Environmental Quality Act (CEQA), Pub. Res. Code Section 21065; and is not a "development" as defined by the California Coastal Act, Pub. Res. Code Section 30106.

000101

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1st day of September 2011 by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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**TONY RUSSELL**  
**DIRECTOR CORPORATE SERVICES/  
AUTHORITY CLERK**

**APPROVED AS TO FORM:**

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**BRETON K. LOBNER**  
**GENERAL COUNSEL**

**000102**

**September 2011 Legislative Report**

**State Legislation**

**Legislation/Topic**

**SB 931 (Vargas) – Public Employee Organizations**

**Background/Summary**

This bill would prohibit public agencies from using public funds to pay consultants or legal advisors to provide counsel to minimize or deter the exercise of guaranteed employee rights.

These provisions would not apply to payments for representation of a public sector employer before any court, administrative agency, or tribunal of arbitration, or for payments for engaging in collective bargaining on behalf of the employer with respect to wages, hours, or other terms and conditions of employment.

**Anticipated Impact/Discussion**

This legislation would prohibit the Airport Authority from hiring any outside experts to assist in employee negotiations.

**Status:** 5/12/11- Approved by the Senate by a vote of 24 to 12  
6/22/11 – Approved by the Assembly Committee on Public Employment, Retirement and Social Security by a vote of 4 to 2

**Position:** Oppose (8/4/11)

**Legislation/Topic**

**AB 145 (Gagliani/Levanthal) – High-Speed Rail Governance**

**Background/Summary**

This bill would limit the High-Speed Rail Authority policy decisions relative to implementation of high-speed rail consistent with Proposition 1A. This bill was amended, deleting the creation of the Department of High-Speed Trains within the Business, Transportation and Housing Agency.

**Anticipated Impact/Discussion**

Although this legislation would have no direct impact on the Authority or SDIA, it could affect the potential connection of high-speed rail to the San Diego region and SDIA.

**Status:** 6/5/11 – Approved by the Assembly by a vote of 57 to 18  
7/12/11 – Approved by the Senate Committee on Transportation and Housing by a vote of 5 to 3 and referred to the Senate Committee on Appropriations

**Position:** Watch (2/10/11)

**Legislation/Topic**  
**AB 492 (Galgiani) – High-Speed Rail Authority**

**Background/Summary**

This bill would require the High-Speed Rail Authority to consider, to the extent permitted by federal and state law, the creation of jobs and participation by small business enterprises in California when awarding major contracts or purchasing high-speed trains.

The bill would also require the High Speed Rail Authority to appoint a small business advisory committee.

**Anticipated Impact/Discussion**

Although this legislation would have no direct impact on the Authority or SDIA, it could affect the potential connection of high-speed rail to the San Diego region and SDIA.

**Status:** 6/2/11 – Approved by the Assembly by a vote of 64 to 12  
6/27/11 – Amended and re-referred to the Senate Committee on Rules

**Position:** Support (4/7/11)

**Legislation/Topic**  
**SB 468 (Kehoe) – State Highways in the Coastal Zone**

**Background/Summary**

This bill would impose additional requirements on the Department of Transportation for proposed capacity-increasing state highway projects located in the coastal zone.

The original bill was amended to remove the requirement that mass transit must be completed prior to construction of the proposed highway project, and the stated purpose of the bill was changed from developing traffic congestion reduction goals, to ensuring that “multimodal transportation options are evaluated and included in project design.”

The bill now states that highway construction can move forward at the same time as public transit projects. It also requires that impacts on local roads be evaluated and that mitigation of those impacts be provided.

**Anticipated Impact/Discussion**

This bill could impact the proposal by Caltrans to widen Interstate 5, which could affect future travelers going to and from SDIA.

**Status:** 6/1/11 – Approved by the Senate by a vote of 25 to 15  
7/12/11 – Approved by the Assembly Committee on Natural Resources by a vote of 5 to 1 and referred to the Assembly Committee on Appropriations

**Position:** Watch (4/7/11)

**Legislation/Topic**

**AB 662 (Hueso) – San Diego County Regional Airport Authority**

**Background/Summary**

Currently, the Authority's Board acts as the Airport Land Use Commission for San Diego County and is responsible for the preparation, adoption, and amendment of airport land use compatibility plans for each airport in San Diego County.

This bill would alter the ALUC's role in the preparation, adoption, or amendment of an airport land use compatibility plan related to the City of Coronado.

**Anticipated Impact/Discussion**

Authority representatives have participated in meetings with Assemblymember Hueso and other interested parties to obtain additional information concerning the potential impact of this bill on the ALUC. Staff will continue to participate in additional discussions on this legislation and report back to the Board.

**Status:** 4/4/11 – Referred to the Assembly Committee on Local Government  
5/16/11 - No further action expected on bill this year

**Position:** Watch (5/5/11)

**Legislation/Topic**

**AB 23 (Smyth) – Prohibition of Simultaneous Local Agency Meetings**

**Background/Summary**

Initially, this bill would have prohibited members of a legislative body from convening a simultaneous or serial order meeting if the members of that body constituted a quorum of the subsequent meeting.

As amended, this bill would allow subsequent meetings, only if a clerk or member of the convened legislative body verbally announces the amount of compensation or stipend that each member will be entitled to receive as a result of convening the simultaneous or serial meeting of the second legislative body, as specified.

**Anticipated Impact/Discussion**

Since the Authority Board members do not receive compensation for additional meetings held on the same day, it appears that this legislation would not impact the Authority.

**Status:** 7/25/11 – Signed into law by the Governor

**Position:** Watch (3/3/11)

**Legislation/Topic**

**SB 194 (Committee) – Local Government: Omnibus Bill**

**Background/Summary**

This bill is an omnibus technical corrections bill that clarifies that California airport owners/operators are not required to pay a fee for the recording of an avigation easement.

**Anticipated Impact/Discussion**

The legislation benefits the Authority by eliminating the potential collection of fees from the Authority for recording avigation easements required under the Quieter Home Program.

**Status:** 5/5/11- Approved by the Senate on a vote of 40 to 0  
6/30/11 – Approved by the Assembly Committee on Local Government by a vote of 7 to 0 and referred to the Assembly Committee on Appropriations

**Position:** Support (5/5/11)



**Legislation/Topic**  
**SB 619 (Fuller) – Flight Schools and Private Postsecondary Education**

**Background/Summary**

The California Private Postsecondary Education Act of 2009 provides for student protections and regulatory oversight of private postsecondary schools in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs.

This bill would exempt from the Act flight instructors and flight schools that provide flight instruction pursuant to Federal Aviation Administration regulations and meet specified criteria.

**Anticipated Impact/Discussion**

Without this legislation, flight schools could be adversely impacted by new regulations, resulting from the Act. The California Airports Council, of which the Authority is a member, supports this legislation.

**Status:** 5/5/11 – Approved by the Senate by a vote of 39 to 0  
7/6/11 – Approved by Assembly Committee on Higher Education by a vote of 8 to 0 and referred to the Assembly Committee on Appropriations

**Position:** Watch (5/5/11)

**Legislation/Topic**  
**SB 446 (Dutton) – Ontario International Airport**

**Background/Summary**

The bill would establish an Ontario International Airport Authority and to transfer management and operational control of Ontario International Airport to the new Authority. The bill would also require that the new Authority, the City of Los Angeles, the City of Ontario, the County of San Bernardino, other local and regional agencies, and the Department of Transportation cooperate to develop effective surface transportation access to Ontario International Airport.

**Anticipated Impact/Discussion**

Although this bill has no direct impact on the Authority, staff will continue to monitor the bill to identify any potential impact to the Authority or SDIA.

**Status:** 5/31/11 – Approved by the Senate by a vote of 33 to 1  
7/8/11 – No further action on bill expected this year

**Position:** Watch (3/3/11)

**Legislation/Topic**  
**AB 615 (Lowenthal) – High-Speed Rail**

**Background/Summary**

Existing law generally requires the approval of the Department of General Services before a state agency may acquire, hire, dispose of, or let real property. It also requires General Services to inventory most state-owned property, and establishes the process for leasing property acquired for highway use to former owners.

This bill would enact authorizations, and exemptions relative to real property obtained for high-speed rail purposes by the High-Speed Rail Authority. The bill would also enact similar exceptions, authorizations and new provisions governing acquisition or disposal of right-of-way property by the Authority. In addition, this bill would exempt the High-Speed Rail Authority from obtaining approval from the Department of Finance and State Public Works Board before expanding funds from an appropriation for capital outlay purposes.

This bill would also provide that the High-Speed Rail Authority is the responsible agency for projects under its jurisdiction.

**Anticipated Impact/Discussion**

Although this legislation would have no direct impact on the Authority or SDIA, it could affect the potential connection of high-speed rail to the San Diego region and SDIA.

**Status:** 6/1/11- Approved by the Senate by a vote of 59 to 16  
7/12/11 – Approved by the Assembly by the Senate Committee on Transportation and Housing by a vote of 6 to 2 and referred to the Senate Committee on Appropriations

**Position:** Watch (4/7/11)

**Legislation/Topic**  
**AB 650 (Blumenfield) – Blue Ribbon Taskforce on Public Transportation**

**Background/Summary**

This bill would establish the Blue Ribbon Task Force on Public Transportation for the 21st Century. The bill would require the task force to be comprised of 12 members jointly appointed by the Senate Committee on Rules and the Speaker of the Assembly by March 31, 2012.

The bill would also require the task force prepare a report to the Governor, the Legislature and several legislative committees on the current state of California's

transit system, and the estimated cost and potential funding sources needed by March 31, 2013.

The bill would appropriate \$750,000 from the Public Transportation Account to the Department of Transportation to accomplish these purposes.

**Anticipated Impact/Discussion**

Although this bill would not have any direct impact on the Authority or SDIA, it could affect transit connections to SDIA.

**Status:** 6/1/11- Approved by the Assembly by a vote of 59 to 16  
6/28/11 – Approved by the Senate Committee on Transportation and Housing by a vote of 6 to 3 and referred to the Senate Committee on Appropriations

**Position:** Watch (4/7/11)

**Legislation/Topic**

**AJR 3 (Dickinson) – Federal Taxation**

**Background/Summary**

This resolution of the State Legislature would urge the U.S. Congress to extend the alternative minimum tax (AMT) holiday for private activity bonds. The American Recovery and Reinvestment Act of 2009 exempted airport private activity bonds (PAB'S) issued in 2009 and 2010 from the AMT, saving airports an estimated \$1 billion. This AMT exemption expired at the end of 2010.

This exemption is expected to save the Authority approximately \$45 million over the life of the bonds issued for the Green Build.

**Anticipated Impact/Discussion**

This bill is sponsored by the California Airports Council. If Congress were to extend the AMT exemption for PAB's, it could benefit the Authority financially by enabling the Authority to issues future bonds at a lower interest rate.

**Status:** 4/14/11 – Approved by the Assembly by a vote of 60 to 0  
7/14/ 11- Approved by the Senate by a vote of 37 to 0  
8/15/11 – Sent to the Governor for signature

**Position:** Support (4/7/11)

**Legislation/Topic**  
**SB 517 (Lowenthal) – High-Speed Rail Authority**

**Background/Summary**

This bill would place the High-Speed Rail Authority within the Business, Transportation and Housing (BTH) Agency, and provide for the BTH Secretary to serve on the authority as a nonvoting, member. The bill would also require the Secretary to propose an annual budget for the Authority.

The bill would require the members of the Authority appointed by the Governor to be appointed with the advice and consent of the Senate. This bill would vacate the current membership of the Authority and provide for the appointment or reappointment of members by January 31, 2012, under staggered terms.

This bill also would provide that the executive director is subject to appointment with the advice and consent of the Senate, and would enact various conflict-of-interest provisions applicable to members of the authority and its staff.

**Anticipated Impact/Discussion**

Although this legislation would have no direct impact on the Authority or SDIA, it could affect the potential connection of high-speed rail to the San Diego region and SDIA.

**Status:** 6/1/11 – Approved by the Senate by a vote of 26 to 12  
7/14/11 – Approved by the Assembly Committee on Rules by a vote of 9 to 0 and referred to the Assembly Committee on Appropriations

**Position:** Watch (4/7/11)

**Legislation/Topic**  
**AB 58 (Gagliani) – High-Speed Rail**

**Background/Summary**

Existing law provides for appointment of an executive director by the Authority, who is exempt from civil service and serves at the pleasure of the authority. This bill would authorize the Governor to appoint up to six deputy directors exempt from civil service who would serve at the pleasure of the executive director.

**Anticipated Impact/Discussion**

Although this legislation would have no direct impact on the Authority or SDIA, it could affect the potential connection of high-speed rail to the San Diego region and SDIA.

**Status:** 3/17/11 – Amended and referred to the Assembly Committee on Transportation

**Position:** Watch (2/10/11)

**Legislation/Topic**  
**AB 16 (Perea) – High-Speed Rail Authority**

**Background/Summary**

Existing law, pursuant to the “Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century”, authorizes \$9.95 billion in general obligation bonds for high-speed rail development and other related purposes. The Federal American Recovery and Reinvestment Act of 2009 (ARRA) also provides funding for high-speed rail projects. This bill would require the High-Speed Rail Authority to make every effort to purchase high-speed train rolling stock and related equipment manufactured in California, consistent with federal and state laws.

**Anticipated Impact/Discussion**

Although this legislation would have no direct impact on the Authority or SDIA, it could affect the potential connection of high-speed rail to the San Diego region and SDIA.

**Status:** 6/28/11 – Approved by the Senate Committee on Transportation and Housing by a vote of 7 to 2 and referred to the Committee on Appropriations

**Position:** Support (2/10/11)

## Federal Legislation

### Legislation/Topic

**H.R. 2469 (Cohen) End Discriminatory State Taxes for Automobile Renters Act of 2011**

### Background/Summary

This bill would prohibit most state and local governments from imposing taxes on the rental of motor vehicles.

### Anticipated Impact/Discussion

The bill exempts federally assisted airports from the tax prohibition if a concession fee is involved, so there would be no direct impact to SDIA or the Authority.

**Status:** 7/8/11 – Introduced and referred to the House Committee on the Judiciary

**Position:** Watch (8/4/11)

### Legislation/Topic

**H.R. 1691 (Richardson) Prevention of Unreasonable Fees Act**

### Background/Summary

This bill would prohibit the operator of a “transportation terminal” (e.g. airport) from charging fees to providers of limousine and other prearranged ground transportation, unless the fee is pre-approved by the U.S. Secretary of Transportation. Under this bill, transportation terminal operators would be limited to the collection of fees charged to the general public for access to, or use of, the terminal, and for the availability of ancillary facilities. Transportation terminal operators would still be allowed to require vehicles for hire to use, and pay for, segregated parking facilities if the fee is the same as that charged to the public. The bill would also allow the state or its political subdivisions to require a license or fee (other than a prohibited transportation terminal fee) for a motor vehicle providing certain other prearranged ground transportation.

### Anticipated Impact/Discussion

According to the author’s staff, this bill was introduced to prevent excessive fees such as those collected for repeated circling and registration for limited use of airport facilities. San Francisco International Airport was specifically identified as an example by the author.

**Status:** 5/3/11 – Introduced and referred to the House Committee on Transportation and Infrastructure

**Position:** Oppose (7/7/11)

**Legislation/Topic**

**H.R. 1801 (Cravaack) Risk-Based Security Screening for Members of the Armed Forces Act**

**Background/Summary**

This bill requires the Transportation Security Administration (TSA) to develop and implement a policy that expedites service members and their families through security screening at airports when they are travelling on official orders. This bill requires that the policy be introduced within 6 months from when this bill becomes law.

**Anticipated Impact/Discussion**

Although the method that TSA would use to expedite services members through security is unclear, this legislation could require modifications passenger screening checkpoints at SDIA.

**Status:** 5/10/11 – Introduced and referred to the House Committee on Homeland Security

**Position:** Watch (6/2/11)

**Legislation/Topic**

**H.R. 1474/S.785 (Duncan/Thune) Freedom from Government Competition Act of 2011**

**Background/Summary**

This bill requires that any government entity receiving federal funds contract out all federally-funded work – except in cases of national defense/homeland security and where there is no private source - to the private sector. This bill would require airports to contract with a private fixed base operator (FBO) to provide services at their airport.

This legislation was initiated on behalf of the National Air Transport Association in an effort to prevent airports from serving as Fixed Base Operators. It is opposed by Airports Council International-North America (ACI-NA), and the American Association of Airport Executives (AAAE).

**Anticipated Impact/Discussion**

Although the Authority currently uses a private company for SDIA's FBO, this bill would mandate that the airport contract with a private FBO in the future, eliminating our option to provide our own FBO services, should we choose to do so.

**Status:** H.R. 1474: 4/12/11- Introduced and referred to the House Committee on Oversight Reform  
S.785: 4/12/11 – Introduced and referred to the Senate Committee on Homeland Security and Government Affairs

**Position:** Oppose (6/2/11)

**Legislation/Topic**

**H.R. 1586 (King) Expanding Airport Security Screening Opt-Out Programs**

**Background/Summary**

This bill could expand the use of private screeners at U.S. airports that choose to hire a private company rather than rely on the Transportation Security Administration (TSA) for this function

The bill would authorize the Secretary of Homeland Security to approve applications submitted by airports for private screening programs if such applications have not been acted on by the TSA within 120 days of receipt. The Secretary must approve the application unless it can demonstrate that doing so would hurt the effectiveness of screening or otherwise harm aviation security.

**Anticipated Impact/Discussion**

This legislation would ensure the timely review of a SPP application should the Authority decide to use a program in the future.

**Status:** 5/5/11 – Referred to the House Committee on Homeland Security

**Position:** Watch (5/5/11)

**Legislation/Topic**

**H.R. 386 (Lungren) Securing Cockpits Against Lasers Act of 2011**

**Background/Summary**

This Act amends the federal criminal code to prohibit the aiming of the beam of a laser pointer at an aircraft or in its flight path, and imposes a fine and/or prison term of up to five years. Exempts from such prohibition:



- Individuals conducting research and development or flight test operations for an aircraft manufacturer or the Federal Aviation Administration (FAA)
- Department of Defense (DOD) or Department of Homeland Security (DHS) personnel conducting research, development, operations, testing or training; or
- An individual using a laser emergency signaling device to send a distress signal.

**Anticipated Impact/Discussion**

Although this legislation would have no direct impact to the Authority or SDIA, it could enhance aviation safety by protecting pilots from laser interferences.

**Status:** 2/28/11 – Approved by the House on a voice vote and referred to the Senate Judiciary Committee

**Position:** Support (4/7/11)

**Legislation/Topic**

**H.R. 674/S.89 (Henger/Vitter) IRS Code Amendment, Vendors**

**Background/Summary**

Beginning January 1, 2012 federal, state, and local governments with total expenditures of \$100 million or more are required to withhold 3 percent from all payments for goods and services to guard against possible business tax evasion.

This bill would amend the Internal Revenue Code to repeal the imposition of the 3 percent withholding of payments.

**Anticipated Impact/Discussion**

This could negatively affect construction companies and could potentially force many small businesses out of the government market, increase the costs of performing public works contracts, and increase taxpayer costs.

**Status:** 2/11/11 – H.R. 674 Introduced and referred to the House Committee on Ways and Means  
1/25/11 – S.89 Introduced and referred to the Senate Committee on Finance

**Position:** Support (4/7/11)

**Legislation/Topic**

**H.R. 235 (Brady) Cut Unsustainable and Top-Heavy Spending Act of 2011**

**Background/Summary**

This bill eliminates several federal programs including grants to large and medium hub airports under the Airport Improvement Program (AIP). This bill also rescinds any unobligated funds made available for such grants.

**Anticipated Impact/Discussion**

SDIA relies on AIP funding for its capital improvements program and the elimination of this funding could limit the Authority from moving forward on some projects.

**Status:** 1/7/11 – Introduced and referred to thirteen House Committees

**Position:** Oppose (4/7/11)

**Legislation/Topic**

**S. 223 (Rockefeller)/ H.R. 658 (Mica) - FAA Reauthorization Act**

**Background/Summary**

**House Version:**

The House approved a four-year FAA Reauthorization Bill with the following provisions:

- Passenger Facility Charge (PFC) cap stays at \$4.50
- Airport Improvement Funding (AIP) cut from \$3.5 to \$3.17 billion in FY 2011 and \$3 billion annually for FY 2012-2014
  - Essential Air Service Program for most communities phased out over three years
- Creates a pilot program allowing up to 5 airports to use PFC revenue for intermodal ground access projects

**Senate Version:**

The Senate approved a two-year Reauthorization Bill with the following provisions:

- Passenger Facility Charge (PFC) cap stays at \$4.50, but pilot program introduced for up to 6 airports where airports may impose a PFC without regard to dollar amount limitations if the airport collects the charge directly from passengers, and if approved by the Department of Transportation
- AIP funding at \$4 billion in FY 2010, and \$4.1 billion in FY 2011 (up from current \$3.5 billion)
- Increases minimum amount for discretionary AIP from \$148 million to \$520 million

**Status:** 2/17/11 – Passed in the Senate by a vote of 87 to 8  
4/1/11 – Passed in the House by a vote of 223 to 196

**Position:** House Version: Watch (3/3/11)  
Senate Version: Support (3/3/11)

# September Legislative Update

Presented by Michael Kulis  
Director, Inter-Governmental Relations  
September 1, 2011





# State Budget



- **2010-2011- 3rd consecutive year to end with a deficit (\$1.2 billion)**
- **2011-2012 Budget - \$120.1 billion**
  - **Enacted by simple majority and signed by the Governor**
  - **“Realignment” - Shift of programs from state to local governments**
  - **“Rosy” Revenue Projections - Budget assumed an increase of \$4 billion in revenue**
- **Total General Fund revenues began fiscal year \$538.8 million lower (10.3%) than expected in July**



# State Budget



- **Trigger Cuts - DOF will evaluate revenue levels in December**
- **If revenues fall short of projections, automatic spending cuts will be implemented:**
  - **Tier 1 - Revenues forecasted to be \$1 billion below the budget level**
    - \$100 million reduction to UC and CSU budget
    - \$100 million reduction to corrections
    - \$200 million reduction to health and human services
  - **Tier 2 - Revenues forecasted to be \$2 billion below the budget level**
    - \$1.5 billion reduction to K-12 schools and community colleges



# Redistricting/Open Primaries



- **Citizens Redistricting Commission**
  - **Tasked with taking the job of redistricting away from legislators**
  - **August 15, 2011 - CRC voted on final approval for new boundaries for State and Congressional districts**
- **All 80 Assembly seats and 20 Senate seats are up for reelection in 2012**
- **Potential two-thirds majorities in the State Legislature**
- **Open Primaries (Proposition 14) will have significant impact on the 2012 elections**



# Major 2012 Issues



- **Pension Reform – Governor has made "no decision on timing" for moving ahead**
  - Various pension reform bills await action this session
  
- **Spending Cap - Significant issue during 2011/12 budget negotiations**
  - Would limit increase in state spending
  
- **California Economy - Unemployment is 11.8% (June)**
  - 2nd highest rate in the country
  - Expected to impact travel
  
- **Realignment**
  - Phase 1- Public Safety
  - Phase 2 - Health





# Major 2012 Issues



- **Potential for Extraordinary Legislative Session**
  
- **2012 Election**
  - **June - Consolidated presidential primary and the November general election**
  - **November - Ballot will likely contain initiatives to raise Personal Income Tax, Sales Tax, VLF**



# Federal Update



- **Current Washington Environment**
  - **Debt Ceiling Negotiations**
  - **Influence of the Tea Party**
  - **Focus on Spending Reductions**
  - **Partial FAA Shutdown**
  - **Presidential Election Year in 2012**



# FAA Reauthorization



- **Current FAA extension expires Sept. 16, 2011**
  
- **Major Issues to be Resolved:**
  - **Authorization Levels**
  - **Additional Reagan National Airport Flights**
  - **Essential Air Service Program**
  - **National Mediation Board Provision**



# Surface Transportation Reauthorization



- **The 2005 surface transportation reauthorization bill authorized \$228 billion for highways and \$53 billion for transit programs through September 2009**
- **The bill has been extended 7 times since the law expired (current extension expires on September 30, 2011)**
- **House has proposed a 6-year, \$230 billion bill**
- **Senate has proposed a 2-year, \$109 billion bill**
- **Administration and Congressional focus on job creation could provide multi-modal and other creative funding opportunities**



# TSA Screener Privatization



- **Legislation creating TSA allowed 5 airports to use private screening companies**
  - **This limitation on airport participation expired 3 years after enactment of bill**
- **Mica amendment to FY 12 Homeland Security Appropriations Bill cut TSA by \$270 million**
  - **Intent is to use the \$270 million for private screening program**
- **The Senate has not introduced a FY 12 DHS bill or acted on the House-passed bill**



# Funding



- **FY 2012 Appropriations Status**
  - **Homeland Security – House approved \$40.6 billion bill**
  - **Transportation – Bill has not been introduced**
  - **Continuing Resolution or Omnibus FY 2012 Bill**
  
- **TIGER Grants**
  - **June 30<sup>th</sup> – DOT announced a 3rd round of Transportation Investment Generating Economic Recovery (TIGER) grants - \$527 million total**



# Questions?

