

LEGISLATIVE COMMITTEE UPDATE

Welcome

Like the quality control worker on an assembly line or a conveyor system (think the opening of Laverne and Shirley), the Appropriations Committee in both the Assembly and Senate provide the biggest single obstacle for bills in the legislature. In fact, nearly 33% of bills placed in the Appropriation Committees die there. This is the committee that analyzes the fiscal impact to the state.



Todd Bloomstine

It's just one of the many hurdles bills must overcome to find their way into law.

But one of the most expensive bills in the history of the state did pass out of the Senate Appropriations Committee. It would create a single payer health care system in California and the cost would be at least three times the total state budget. You can read more about it below.

Enjoy this issue of the SCCA Legislative Committee.

Rumor Has It...

That an effort has started to recall Senator Josh Newman (D-Fullerton) because of his "yes" vote on Senate Bill 1, the recently passed transportation infrastructure plan.



Fact Check

Regrettably, True. Recall papers were filed on April 19th. A total of 63,592 signatures of registered voters must be collected within 160 days to qualify the recall for the ballot.

Recalls should be used only when officials make public acts of malfeasance, not for voting. Opportunistic individual looking to ouster a Senator that's been in office for only six months drives this recall.

Drones Equipped with LiDAR Used to Monitor Work in Contra Costa County

Contra Costa County is using an unmanned aerial vehicle (UAV) equipped with light detection and ranging (LiDAR) to monitor and document cut and fill work on a \$74 million interchange as part of the Highway 4 program. Over the course of the project, the UAV will monitor and track the movement of 150,000 cu yd of fill – "ensuring the estimated \$1-million to \$2-million worth of earthwork goes as efficiently as possible."

This process will allow scans of the project to be used to track fill invoices, monitor actual vs. plan performance, identify potential areas of project risk, track materials inventory, and support project scheduling and change orders.

The drone will be used over the course of the two-year project to provide information and live progress updates to the public. In addition, the use of the LiDAR equipped UAV means that surveyors will not have to stand in traffic (and be put at risk) in order to monitor and report on the project.

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Proposed Single-Payer Health System has \$400 Billion Price Tag

Senate Bill 562, proposed by Senator Ricardo Lara (D – Bell Gardens) and Senator Toni Atkins (D-San Diego) would create a “single-payer” healthcare system with the state acting as the payer in the system. The proposed system would cost \$400 billion according to the financial analysis released by the Senate Appropriations Committee.

The analysis reports that the state would need to find revenues through taxes or other means to meet an additional \$200 billion in funding. The report assumes that the existing \$200 billion in local, state and federal funding it currently receives for providing current health services will continue.

As currently proposed, SB 562 has a higher price tag than the proposed 2017-18 state budget at \$180 billion, set to begin July 1.

So what does SB 562 propose? Essentially it eliminates any costs to residents for their healthcare and creates a single payer to cover all deductions, premiums and other costs.

The bill does not stipulate where new funding will come from, but the author indicates the Californians already spend \$360 billion on

healthcare. His intent may be to redirect those funds to the state created authority. There is also discussion to place a 15% payroll tax to help fund the program.

This high implementation cost makes SB 562 unlikely to make it into law. Vocal concerns from health providers like Kaiser Permanente, organizations like the California Association of Health Plans, and business groups like the Chamber of Commerce reflect cost and implementation concerns – along with the added uncertainty of the future of the Affordable Care Act at the Federal level.

It must also be noted, from a political perspective, that the California Legislature is in the business of being the “counter-punch” to President Trump’s policies and in fact as Congress considers replacing the ACA with something new, the legislature ramped up its effort to pass SB 562.

The SCCA Legislative Committee has not taken an official position on SB 562 but it will at its upcoming committee meeting.

New Belt and Road Initiative from China: \$1 Trillion Initiative Plans to Create a Modern Day “Silk Road”

Recent news reports are releasing information from China regarding its priorities to develop a modern-day “Silk Road” (think Marco Polo’s ancient trading route) connecting China to Europe and Asia similar to the trade routes established hundreds of years ago. This time, though, the modern trade route will consist of \$1-\$1.4 trillion of projected investment.

Earlier this month, Chinese President Xi Jinping hosted 28 heads of state at a 2-day summit to discuss this new “Belt and Road” initiative. NBC news reports that the initiative “envisions new roads, high speed rail, power plants, pipelines, ports, and airports that would boost commerce between China and 60 countries in Asia, Europe, the Middle East, and North Africa.”

China has already invested \$50 billion in 20 various countries that are along the Belt and Road route, as reported by the Chinese Xinhua News Agency. Adding further interest to the issue, is the increased investment that China has made in Iran as part of their negotiations regarding Iran’s nuclear action and the deal struck with the P5+1 nations. China made a high-profile visit to Iran in January that resulted in “17 trade and industrial accords,” as reported in Foreign Affairs. The report continues, “the Chinese president pledge[d] to increase bilateral trade more than ten-fold, to \$600 billion over the

coming decade.”

Only time will tell on the larger geo-political implications of China’s initiative. Rest assured that we will see US companies involved in such a significant undertaking through construction, security, and various other resources should China’s Belt and Road initiative continue to develop and be implemented.



22 States have Increased Gas Taxes to Maintain Transportation Funding

On the heels of the passage of Senate Bill 1 (Beall, D – San Jose), there was a significant public reaction to the Legislature's agreement ranging from support (SCCA supported the measure) to public outrage (a recall of SB 1 has been started as was detailed in the last newsletter edition).

A recent report was released by transportationinvestment.org that shows that 22 various states have passed gas tax increases

between 2013-2017. Among these states are Washington, Montana, Iowa, Pennsylvania, Virginia, and South Carolina, to name just a few. Kentucky and North Carolina also adjusted their variable-rate gas tax formula during this time as well.

You can read the full report and details regarding specific gas taxes by clicking [here](#).

Increased Construction Costs Anticipated if Senate Bill 30 is Approved

The fiscal analysis of Senate Bill 30 by Senator Ricardo Lara (D – Bell Gardens) says the passage of the bill could result in increased construction costs. SB 30 would blacklist any contractors that perform work on the construction of the proposed southern border wall.

The analysis indicates that costs will be seen on two fronts. The first is one-time costs associated with developing a list and database of contractors that have performed any



Senator Ricardo Lara

type of work on the proposed border wall. There could also be potential IT costs to the state to develop a database of these businesses for tracking purposes as the contractors that work on the possible border wall would change and update over the course of time.

Costs are also anticipated to rise on materials and overall constructions costs because of the more limited number of contractors that may be available to do work for the state due to complying with the requirements of SB 30.

SCCA continues to oppose SB 30. It recently passed out of the Senate on a 23-16 vote. It needed 20 to pass.

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