CBPA Weekly Update- September 3, 2021

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ONE WEEK TO GO!

The California State Legislative Session has just one week to go, and a crush of bills are being heard on the Floor in the next week. The final week of Session coinciding with the final full week of campaigning for the California Recall election as well as the ever-lingering COVID-19 pandemic, is making for one of the most hectic end-of-sessions in years.

Below are some of the hottest topics being discussed right now, but just know your staff in Sacramento will track and engage on more than a hundred bills over the next seven days and will report back all the actions!

EIFD/CRIA BILL ADVANCES TO THE GOVERNOR

SB 780 (Cortese; D-San Jose) a bill supported by our industry and sponsored CBPA affiliate member CA Association for Local Economic Development (CALED), has passed the Senate Floor on a unanimous bi-partisan vote and heads to the Governor for Signature.

The bill makes several changes to enhanced infrastructure financing districts (EIFD) and community revitalization infrastructure authorities (CRIA) both of which are used by local governments to help bring much needed infrastructure into areas that need redevelopment.

After the elimination of redevelopment agencies, the state has tried to find effective solutions to spur economic development and build affordable housing in local communities. EIFDs and CRIAs have shown promise yet have proven to be overly cumbersome to establish and operate.

SB 780 tweaks these tools in an attempt to allow local agencies to leverage their tax increment to spur the development of affordable housing and public infrastructure which will allow for more private investment in these areas.

Our industry is pleased to have such an excellent partner with the CA Association for Local Economic Development (CALED) and thank them and Senator Cortese for all the hard work needed to move this bill forward!

ACTION! 95% CARBON REDUCTION BILL

AB 1395 (Muratsuchi; D-Torrance) would require a 95% reduction in California's greenhouse gas emissions goal, but has no realistic framework on how it can be achieved. This means state agencies will be given more authority to regulate the way you operate your buildings, what materials you use for construction, how often you have to replace HVAC systems, how often and how many trucks can deliver to you, etc.

Building codes in California have always been rooted in the notion that advances in technology and incremental tightening down of the regulations will result in requirements that will pay for themselves over a reasonable period of time through reduction in utility expenses. However, the extreme goals this bill sets will disconnect any ability to keep a reasonable payback period, to the extent that has not already happened, making all of your operations from construction to management, more expensive.

This is an idea that sounds great to some on paper, but will create a nightmare for all of you that will be required to implement the aggressive goals.

If you are comfortable on Twitter, AB 1395 is currently on the floor and can be voted on any day now. Please click here to retweet this new Tweet so legislators know we stand firm against this bill.

Here you can find two letters – one from the larger business coalition, and here is one specific to the impact on homes/apartments. Please share with your membership and/or use them to reach out to your local legislators to oppose this bill. Click here to find out who represents you.

Below you will find some talking points we hope you find helpful.

95% CARBON REDUCTION BILL TALKING POINTS

AB 1395 mandates the California Air Resources Board (CARB) to establish new climate goals to achieve 90% emission reductions by 2045, leading to massive reductions in new housing construction, agriculture production, energy, transportation, and all manufacturing. This is an extraordinarily aggressive goal that would require large-scale transformation of California’s entire economy.

We oppose AB 1395 for the following reasons:

- Just five years ago, this Legislature passed SB 32 which sets a 40% GHG emission reduction below 1990 target by 2030. The state is in its first 8 months of implementing this new target and adding a new and more drastic target now is premature.

- It is estimated to cost Californians $4 trillion dollars over the next 25 years.

- It is a regressive mandate that will hit those at the lower end of the income spectrum the hardest. AB 1395 would cost every household in California $5,600 to $10,700 annually.

- It makes building housing more expensive by a minimum of $50,000 per home.

- It makes building and leasing commercial real estate more expensive for all employers and will push operational and energy costs higher for small businesses.

- Risk hundreds of thousands of California jobs and could lead to companies moving to other states or countries causing emission leakage.

- Threatens the role technology can play in reducing emissions, which contradicts scientific findings.

- CARB is currently, via the scoping plan, assessing how the state will meet the current goal, as well as a 2045 carbon neutrality goal. This work should be completed prior to the authorization of a new goal.

Although it is estimated that individual commercial buildings produce less than 6% of our state's GHG emissions, rules and regulations tend to assign the emissions from vehicles traveling to your facilities to you, which meals the drastic measures that will need to be undertaken to comply with this bill will be magnified in our sector.

Please share this message and/or go here to Tweet about this and let your voice be heard.

BILL TARGETING WAREHOUSES ADVANCES – JOIN COALITION

Please join the growing coalition of businesses that are trying to stop AB 701, a bill targeting the warehouse sector.

AB 701 (Gonzalez; D-San Diego) is now on the Senate Floor and we need more organizations to add their voices and stop this bill.

AB 701 is a flawed and excessively broad regulation of warehouse distribution centers. Everything we buy and use moves through the manufacturing, storage, and distribution process. Whether it's our food moving from the farm to fork or clothes from the thread to our closet, we will all pay the price for AB 701.

Click here to help stop AB 701!

COMPANIES MOVING OUT OF STATE

The real concern with bill like AB 701 and many others, is that it is causing “death by a thousand cuts,” to employers in California. A new study by Stanford’s Hoover Institution shows data that more companies have already left California in 2021 than did in all of 2020.

This is a disturbing trend that our industry has been ringing the alarm bell with the Legislature for years. There comes a point where the benefits of good weather will outweigh high taxes, and a sticky thicket of complicated regulation.

Click here to read more.

BUSINESS COMMUNITY VACCINATION MANDATE

Over this past two weeks there has been furious activity on the part of some Legislators to mandate employers be responsible for policing their workforce and requiring COVID vaccinations and testing and for certain businesses and/or building owners to be required to regulate vaccination status for members of the public entering their premises.

These legislative efforts appear to be stopped for the year, which means the issue will now be in the hands of Governor Newsom.

Although our industry supports vaccinations, we are working with policymakers on practical concerns surrounding the requirement the private enterprises be required to enforce government health mandates.

Here are letters from the business community to the Governor, Legislature, and General Attorney sent two weeks ago, which remains our position today as we continue to work with all of them on a path forward to move past this pandemic and re-open California:

Read the letter to Governor Newsom and Legislature.

Read the letter to Attorney General Bonta.

HJTA SEEKS TO REPEAL "DEATH TAX"

The Howard Jarvis Taxpayers Association (HJTA) has filed a new ballot initiative with the Attorney General's office called the "Repeal the Death Tax Act," which seeks to reverse Prop. 19's tax increase on property transferred between parents and children, and grandparents and grandchildren.

Click here to read the initiative language.

FEDERAL BILL TO REPEAL CARRIED INTEREST INTRODUCED

In what has become a ritual every Congressional session, two senators, Senate Finance Committee Chairman Ron Wyden (D-Ore.) and committee member Sheldon

Whitehouse (D-RI), have filed a bill entitled “Ending the Carried Interest Loophole Act.”

Click here to read the story in Globestreet.

We will again join with our federal colleagues to work to defeat this bill, which would be devastating on the commercial real estate industry, make projects harder, and reduce construction jobs and employment, in a time where we are already reeling from almost two years of economic shut-down.