

SEISMIC SAFETY COMMISSION

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Memorandum

To: Commissioners

From: Henry Sepulveda
Director of Legislation

Subj: Legislative Report and Updates

This report is an update of legislative activity affecting (directly or indirectly) the Commission.

Part I and Exhibit 1 describe the Commission's current legislative initiatives.

Part II and Exhibit 2 highlight bills introduced in December 2002 and January 2003 that could have an impact on the Commission or its mission.

Part III provides a summary update of the proposed Governor's Budget and its effect on the Commission in state fiscal year 2003-04.

The 2003-04 Session of the California Legislature re-convened in January 2003. Under existing legislative rules, all requests for drafting of new bills were to have been submitted to the Legislative Counsel's Office by January 24, 2003. The Legislative Counsel's Office prepares the submitted requests in legislative form and returns the proposals to the legislators. Legislators face a February 21 deadline to introduce the new bills.

I. Commission's Legislative Initiatives for 2003-04

At the Commission's January 2003 meeting, staff presented a series of ideas for Commission-sponsored legislation for the 2003-04 Session. **Exhibit 1** presents an update and current status of those Commission-approved legislative proposals. Following the Commission's January meeting, these proposals were presented to different legislators' offices for referral to, and processing by, the Legislative Counsel's Office. As of February 3, 2003, none of the Commission-sponsored proposals have yet been introduced as legislation. Staff anticipates that the proposals will be introduced in mid- or late February.

II. Introduced Legislation

Staff is monitoring the introduction of bills to identify any legislation affecting areas of interest to the Commission. As on February 4, staff has identified and is monitoring the following bills. They are presented here and **Exhibit 2** for information purposes only. Staff has no

recommendation for positions on these measures at this time.

AB 28 (Pavley): Subject to the availability of Federal funds, directs OES to establish a program for the acquisition of hazardous materials equipment for State and local fire service agencies.

AB 86 (Dauscher): Authorizes school districts to become a “home rule” school district if specified conditions were met. Under this bill, the school districts would still be required to comply with the Field Act.

AB 97 (Nation): Expands the list of requisite training for certification of schoolteachers by adding proficiency in emergency preparedness.

AB 152 (Levine): Makes a non-substantive change to the existing law requiring DSA to adopt --by April 2003-- emergency regulations on the use of non-Field Act compliant buildings as school facilities.

AB 225 (Frommer): Directs DSA and the Department of Education to develop a “checklist” to provide local school districts guidance with evaluating potential use of private buildings as school facilities.

SB 9 (McClintock & Perata): Establishes a State Realignment and Closure Commission to study selected state entities and make recommendations for the termination or re-organization of those agencies.

III. Governor’s Budget 2003-04

The Governor’s Budget for 2003-04 proposes to permanently change the funding source for operational support of the Seismic Safety Commission. No significant change is proposed in the amount of funding for support of the Commission. Aside from minor technical adjustments, the Commission’s budget would be funded at approximately the same level (\$959,000) as in the current year (2002-03).

Since its inception in 1975, the Commission has been funded primarily out of the state’s General Fund. The Commission has also relied on state bond funds (Proposition 122), periodic federal funds, and reimbursement budget authority (funds appropriated to another agency and subsequently remitted to the Commission per interagency contract; and funds for the sale of Commission publications).

The Governor proposes that, beginning in 2003-04, the Commission would no longer rely on the General Fund but would instead be supported by the Insurance Fund (administered by the California Department of Insurance). The Commission's budget would also be supplemented by up to \$75,000 in reimbursements. This is the same level of reimbursements that the Commission has been customarily authorized over the past several years.

In addition, according to the Department of Finance, the Governor proposes enactment of legislation that would fund the Commission by imposing a new \$1 surcharge on each earthquake insurance policy issued in the State. The revenue generated by the surcharge would be collected by the California Department of Insurance and made available exclusively to support the Commission's operating costs. According to an Earthquake Insurance Survey Report published by the Department of Insurance in 2000, there were 1,282,400 earthquake policies in force in California during the reporting period. Approximately 65 percent of the total policies were issued by the California Earthquake Authority.

Statutory changes are needed to impose the surcharge, as well as to authorize support for the Commission's operations out of the Insurance Fund. The Department of Finance informed Commission staff that the changes in law will be included in a Budget "Trailer Bill" to be sponsored by the Department of Finance. As of February 5, no legislation proposing these changes has been introduced.

The 2003-04 Governor's Budget proposes an appropriation from the Insurance Fund of \$134 million for the Department of Insurance and \$884,000 for the Seismic Safety Commission.