**California Automatic Vendors Council**

**Public Policy Update**

**April 21, 2017**

**State Budget Update**

The Senate and Assembly Budget Subcommittees are currently hearing portions of the Governor’s January Budget. The Governor’s May Revise will be released on May 15, 2017 and will include updated revenue and expenditure projections, as well as new proposals. The Legislature has until June 15th to pass the state budget, which should be signed by June 30th, along with several budget trailer bills.

**Transportation Deal/Gas Tax**

The Governor and Legislative Leaders recently announced a transportation deal that was passed by both the Senate and Assembly the Thursday before their Spring Recess. The tax increases will take effect November 1, 2017 and the new vehicle registration fees will begin on January 1, 2018. Fees on zero-emission vehicles will take effect July 1, 2020.

The legislation, the Road Repair and Accountability Act of 2017, SB 1 (Beall), is funded by:

* $7.3 billion by increasing diesel excise tax 20 cents
* $3.5 billion by increasing diesel sales tax to 5.75 percent
* $24.4 billion by increasing gasoline excise tax 12 cents to 30 cents per gallon
* $16.3 billion from an annual transportation improvement fee between $25 and $175, depending on the value of the vehicle.
* $200 million from an annual $100 Zero Emission Vehicle fee commencing in 2020.
* $706 million in General Fund loan repayments.

The $52.4 billion revenue increase over the next decade will be split equally between state and local investments:

**Fix Local Streets and Transportation Infrastructure (50 percent):**

* $15 billion in “Fix-It-First” local road repairs, including fixing potholes
* $7.5 billion to improve local public transportation
* $2 billion to support local “self-help” communities that are making their own investments in transportation improvements
* $1 billion to improve infrastructure that promotes walking and bicycling
* $825 million for the State Transportation Improvement Program local contribution
* $250 million in local transportation planning grants.

**Fix State Highways and Transportation Infrastructure (50 percent):**

* $15 billion in “Fix-it-First” highway repairs, including smoother pavement
* $4 billion in bridge and culvert repairs
* $3 billion to improve trade corridors
* $2.5 billion to reduce congestion on major commute corridors
* $1.4 billion in other transportation investments, including $275 million for highway and intercity-transit improvements.

**Ensure Taxpayer Dollars Are Spent Properly with Strong Accountability Measures:**

* Constitutional amendment to prohibit spending the funds on anything but transportation
* Inspector General to ensure Caltrans and any entities receiving state transportation funds spend taxpayer dollars efficiently, effectively and in compliance with state and federal requirements
* Provision that empowers the California Transportation Commission to hold state and local government accountable for making the transportation improvements they commit to delivering
* Authorization for the California Transportation Commission to review and allocate Caltrans funding and staffing for highway maintenance to ensure those levels are reasonable and responsible
* Authorization for Caltrans to complete earlier mitigation of environmental impacts from construction, a policy that will reduce costs and delays while protecting natural resources.

**Political/Legislative Update**

There are several key legislative bills for CAVC this year, including:

**AB 5 (Gonzalez Fletcher) Employers: Opportunity to Work - OPPOSE**

Would create the Opportunity to Work Act. The bill would require an employer with 10 or more employees to offer additional hours of work to an existing nonexempt employee before hiring an additional employee or subcontractor, except as specified, would require an employer to post a notice of employee rights, as specified, and would require the employer to maintain certain documentation. The bill would authorize an employee to file a complaint for violation of these provisions with the division and to, in the alternative, bring a civil action for remedies under the act.

**AB 274 (Garcia, C) Sales and use taxes; exemption; food products - OPPOSE**

This measure, on and after April 1, 2019, would remove the snack tax exemption on candy. The measure would authorize the Legislature to exempt the sale of, or the storage, use, or other consumption in this state of, any food product from sales and use tax by a statute that becomes operative on or after November 7, 2018. The author is still working on the definition of snack food, but currently it is limited to candy.

**AB 319 (Stone) – Tethered caps – TWO-YEAR BILL**

This bill would prohibit a retailer, on and after January 1, 2020, from selling or offering for sale a single-use plastic beverage container with a cap that is not tethered to or contiguously affixed to the beverage container.

**AB 958 (Ting) Hazardous materials; fluorinated chemicals; take-out food service ware and packaging.**

Would prohibit a food provider from serving, selling, offering for sale, or offering for promotional purposes prepared food or fast food in, on, or with take-out food service ware or packaging that contains a fluorinated chemical, as defined. Because the bill would create a new crime, it would impose a state-mandated local program. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that no reimbursement is required by this act for a specified reason.

**ACA 2 (Garcia, C) Sales and use taxes; food products - OPPOSE**

Assembly Constitutional Amendment 2 of the 2017 – 18 Regular Session, if approved by the voters, on and after April 1, 2019, would instead require that any sales or use taxes levied by the state or any of its political subdivisions apply to the sales of, or the storage, use, or other consumption in this state of, certain food products for human consumption, which include candy, confectionery, and snack foods. Assembly Constitutional Amendment 2, if approved by the voters, would authorize the Legislature to exempt the sale of, or the storage, use, or other consumption in this state of, any food product from sales and use taxes by a statute that becomes operative on or after November 7, 2018.

**SB 300 (Monning) Sugar-sweetened beverages; health warnings - OPPOSE**

Would establish the Sugar-Sweetened Beverages Health Warning Act, which would prohibit a person from distributing, selling, or offering for sale a sugar-sweetened beverage in a sealed beverage container, or a multipack of sugar-sweetened beverages, in this state unless the beverage container or multipack bears a health warning, as prescribed.

**SB 504 (Wieckowski) Protecting Californians from Synthetic Food Dyes Act.**

Would establish the Protecting Californians from Synthetic Food Dyes Act, which would make it a crime for a person to manufacture, package, sell, offer to sell, distribute, or import for sale or distribution within the State of California food that contains synthetic dyes without a prescribed label, either on the package or on the shelf or bin where the food is displayed for bulk foods. The bill would require prescribed language to be included on the menu or menu board of a restaurant when a dish includes synthetic food dyes.

**AB 1532 (Bloom) State Department of Public Health; diabetes grant specialist.**

Current law requires the State Department of Public Health, commencing on July 1, 2017, to annually post information on its Internet Web site summarizing the amount and source of funding directed to the department for programs and activities aimed at preventing or managing diabetes and the expenditures by the department on programs and activities aimed at preventing or managing diabetes. The bill would require the department to establish a grant specialist who shall identify and apply for grants related to the prevention and management of diabetes.

Other legislative issues that will likely surface at some point this year include a sugar sweetened beverage tax, predictive scheduling, and potentially a bill on penalties for businesses regarding automation.

**Legislative Day**

We will be holding the CAVC Legislative Day in Sacramento on Wednesday, May 17th and will begin drinks with Assemblymember Matt Dababneh and a dinner with Senator Scott Wilk on Tuesday, May 16th.