



MEETING OF THE

LEGISLATIVE/COMMUNICATIONS AND MEMBERSHIP COMMITTEE

SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
818 West 7th Street, 12th Floor
Los Angeles, CA 90017
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Tuesday, November 21, 2017

8:30 a.m. - 10:00 a.m.

SCAG Offices

818 West 7th Street, 12th Floor

Policy Committee Room B

Los Angeles, CA 90017

(213) 236-1800

Videoconference Available

San Bernardino SCAG Office

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San Bernardino, CA 92418

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Riverside, CA 92501

South Bay Cities COG

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Torrance, CA 90501

Ventura SCAG Office

950 County Square Drive, Suite 101

Ventura, CA 93003

Teleconference Is Available

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Jane Embry at (213) 236-1826 or via email embry@scag.ca.gov.

Agendas and Minutes for the Legislative/Communications and Membership Committee are also available at:

<http://www.scag.ca.gov/committees/Pages/default.aspx>.

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Human Development
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Transportation
Curt Hagman, San Bernardino County

Legislative/Communications and Membership Committee

November 2017

Clint Lorimore, District 4
Greg Pettis, District 2

Chair
Vice-Chair

Member

Becerra, Glen
Clark, Margaret
Finlay, Margaret
Gharpetian, Vartan
Giba, Jeffrey
Hagman, Curt
Manos, Steve
Marquez, Ray
Martinez, Michele
Mitchell, Judy
Mulvihill, James
Murray, Kris
O'Connor, Pam
Ramirez, Carmen
Saleh, Ali
Viegas-Walker, Cheryl
Wapner, Alan

Representing

District 46
District 32
District 35
District 42
District 69
San Bernardino County
District 63
District 10
District 16
District 40
District 7
District 18
District 41
District 45
District 27
District 1
SBCTA

**Legislative/Communications & Membership Committee
TELECONFERENCE INFORMATION — Pursuant to
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your teleconference location.**

Thank you. If you have any questions, please call
Jane Embry at (213) 236-1826

TELECONFERENCE LOCATIONS:

Hon. Glen Becerra
Metropolitan Transit Authority
One Gateway Plaza - 19th Floor
Los Angeles, CA 90012

Hon. Curt Hagman
Chino Hills District Office
14010 City Center Drive
Chino Hills, CA

Hon. Ray Marquez
14000 City Center Drive
Chino Hills, CA 91709

Hon. Michele Martinez
901 Smallwood Avenue
McKinney, Texas 75070

Hon. Steve Manos
Lake Elsinore City Hall/Conf. Room B
130 South Main Street
Lake Elsinore, CA 92530

Hon. Kris Murray
200 S Anaheim Blvd,
Anaheim, CA 92805

Cheryl Viegas-Walker
Walker & Driskill, PLC
3205 S. Dogwood Avenue, Suite B
El Centro, CA 92243

Hon. Alan Wapner
Ontario City Hall
303 E B Street
Ontario, CA 91764

LEGISLATIVE/COMMUNICATIONS & MEMBERSHIP COMMITTEE AGENDA NOVEMBER 21, 2017

The Legislative/Communications & Membership Committee may consider and act upon any of the items listed on the agenda regardless of whether they are listed as information or action items.

CALL TO ORDER & ROLL CALL

(Hon. Clint Lorimore, Chair)

PUBLIC COMMENT PERIOD

Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Committee, must fill out and present a Public Comment Card to the Assistant prior to speaking. Comments will be limited to three (3) minutes per speaker provided that the Chair has the discretion to reduce this time limit based upon the number of speakers. The Chair may limit the total time for all comments to twenty (20) minutes.

REVIEW AND PRIORITIZE AGENDA ITEMS

CONSENT CALENDAR

1. Minutes of September 19, 2017 Meeting

Attachment

**Page
1**

ACTION ITEMS

2. SCAG Membership

- National Association of Regional Councils (NARC) - \$30,000
(Melvin Sanchez, Intern/Art Yoon, Director of Policy & Public Affairs)

Attachment

5

INFORMATION ITEMS

3. Federal Tax Reform Update

(Kevin Gilhooley, Regional Affairs Officer)

Attachment

7

4. Policy & Public Affairs Department Update

(Art Yoon, Director of Policy & Public Affairs)

Oral Report

FUTURE AGENDA ITEMS

Any Committee member or staff desiring to place items on a future agenda may make such a request.

ANNOUNCEMENTS

ADJOURNMENT

The next meeting date of the Legislative/Communications & Membership Committee will be determined after a discussion by staff and Committee members, as to whether or not a December meeting is necessary.

**LEGISLATIVE/COMMUNICATIONS & MEMBERSHIP COMMITTEE
of the
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**

**September 19, 2017
Minutes**

The Legislative/Communications & Membership Committee held its September 19, 2017 meeting at SCAG's downtown Los Angeles Office.

Members Present

Hon. Glen Becerra, District 46 (Teleconference)
Hon. Margaret Clark, District 32
Hon. Margaret Finlay, District 35 (Teleconference)
Hon. Vartan Gharpetian, District 42 (Teleconference)
Hon. Jeffrey Giba, District 69 (Videoconference)
Hon. Curt Hagman, County of San Bernardino (Teleconference)
Hon. Clint Lorimore, District 4 (Videoconference)
Hon. Steve Manos, District 63 (Teleconference)
Hon. Ray Marquez, District 10 (Teleconference)
Hon. Michele Martinez, District 16 (Teleconference)
Hon. Judy Mitchell, District 40 (Videoconference)
Hon. James Mulvihill, District 7 (Videoconference)
Hon. Kris Murray, District 19 (Teleconference)
Hon. Greg Pettis, District 2
Hon. Carmen Ramirez, District 45 (Videoconference)
Hon. Ali Saleh, District 27
Cheryl Viegas-Walker, District 1 (Videoconference)

CALL TO ORDER

The meeting was called to order by the Chair, Hon. Clint Lorimore, at approximately 8:30 a.m. Roll-call was taken and a quorum was confirmed.

PUBLIC COMMENT PERIOD

There were no public comments presented.

REVIEW AND PRIORITIZE AGENDA ITEMS

There was no reprioritization of the Agenda.

CONSENT CALENDAR

1. Minutes of August 15, 2017 Meeting

A MOTION was made (Finlay) to APPROVE the Consent Calendar. The MOTION was SECONDED (Marquez) and APPROVED by a majority vote. A roll-call vote was taken and recorded as follows:

Legislative/Communications & Membership Committee Minutes

AYES: Becerra, Clark, Finlay, Gharpetian, Giba, Hagman, Lorimore, Manos, Marquez, Martinez, Mitchell, Mulvihill, Pettis, Viegas-Walker

NOES: None

ABSTAIN: None

ACTION ITEMS

2. SCAG Membership

Houston Brooks Laney, Legislative Analyst, provided a brief overview of the membership, California Association of Councils of Governments (CALCOG) - \$41,263

A MOTION was made (Finlay) to APPROVE the Membership as presented. The MOTION was SECONDED (Pettis) and APPROVED by a majority vote. A roll-call vote was taken and recorded as follows:

AYES: Becerra, Clark, Finlay, Gharpetian, Giba, Hagman, Lorimore, Manos, Marquez, Martinez, Mitchell, Mulvihill, Pettis, Viegas-Walker

NOES: None

ABSTAIN: None

3. HR 3001 (Lowenthal) National Multimodal and Sustainable Freight Infrastructure Act

Javiera Cartagena, Regional Affairs Officer, stated that HR 3001 would create a reliable and renewable revenue source to fund multimodal, freight-specific formula grants for states and a multimodal, freight-specific competitive grant program for local, regional, and state governments. The bill would raise roughly \$8 billion a year dedicated to freight-related infrastructure projects throughout the nation, with a focus on multimodal projects and other related projects that rebuild aging infrastructure while relieving bottlenecks in the freight transportation system. Staff recommends support.

Hon Judy Mitchell stated that she advocates for strong support of this bill, as it would benefit the SCAG region economically, as well as provide air-quality solutions.

Several Committee members raised concerns that the information provided was not conclusive, particularly in regard to specific tax data, and requested that staff bring the item back to the next meeting. Hon. Cheryl Viegas-Walker suggested moving the bill forward to the Regional Council without a recommendation from the LCMC.

A MOTION was made (Viegas-Walker) to move HR 3001 forward to the Regional Council without a recommendation from the LCMC. The Chair will forward pertinent information requested by this Committee to the Regional Council, as it becomes available. The MOTION was

Legislative/Communications & Membership Committee Minutes

SECONDED (Marquez) and APPROVED by a majority vote. A roll-call vote was taken and recorded as follows:

AYES: Clark, Finlay, Gharpetian, Giba, Hagman, Lorimore, Manos, Marquez, Martinez, Mitchell, Mulvihill, Murray, Pettis, Ramirez, Saleh, Viegas-Walker

NOES: None

ABSTAIN: Becerra

INFORMATION ITEMS

4. Overview – 2017 State Legislative Session

Kevin Gilhooley, Regional Affairs Officer, provided a summary of bills of interest, including those the agency has taken a position pursuant to recommendations of the LCMC and the RC. The Legislature has passed a number of bills which provide new revenues to support the state's transportation infrastructure system, address the state's critical housing shortage, and renew the state's cap-and-trade program. Staff will continue to monitor the progress of active legislation on the Legislative Tracking Report.

Hon. Jim Mulvihill inquired about SB 35 and SB 540, which seem to overlap. Mr. Gilhooley stated that SB 540 deals specifically with the establishment of opportunity zones, whereas SB 35 deals specifically with cities that have not yet met their RHNA numbers. Consequently, not every city would be eligible for SB 35 provisions. With SB 540, any city that enters into or creates a workforce housing opportunity zone could potentially benefit from the provisions of the legislation. Both bills can be implemented simultaneously.

5. Transportation/Housing and Urban Development (THUD) Appropriations and Continuing Resolutions Update

Joseph Cisneros, Public Affairs Specialist, stated that on September 7, 2017, the Senate passed legislation containing a Continuing Resolution to raise the debt ceiling and keep the government funded through December 8, 2017. In late July, both the House and Senate Appropriations Committees approved the fiscal year 2018 Transportation, Housing and Urban Development funding bills. The legislation provides funding for the Department of Transportation, the Department of Housing and Urban Development, and other related agencies.

6. Legislative Tracking Report

Houston Brooks Laney, Legislative Analyst, referenced the Legislative Tracking Report included in the Agenda Packet and reminded the Committee that the most current Legislative information is available on SCAG's website under the Legislative section.

Legislative/Communications & Membership Committee Minutes

7. Policy & Public Affairs Department Update

Art Yoon, Director of Policy & Public Affairs, reported that the position of Legislative Affairs Manager has been posted and the response has been very positive with many applications being submitted.

FUTURE AGENDA ITEMS

There were no agenda items presented.

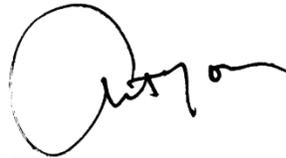
ANNOUNCEMENTS

There were no announcements presented.

ADJOURNMENT

Chair Lorimore adjourned the meeting at 9:15 a.m. The next regular meeting of the Legislative/Communications & Membership Committee is scheduled for 8:30 a.m. – 10:00 a.m., Tuesday, October 17, 2017.

Reviewed by:



Art Yoon
Director, Policy & Public Affairs

REPORT

DATE: November 21, 2017

TO: Legislative/Communications & Membership Committee (LCMC)

FROM: Art Yoon; Director, Policy & Public Affairs; (213) 236-1840; artyoon@scag.ca.gov

SUBJECT: SCAG Membership

RECOMMENDED ACTION:

Approve

EXECUTIVE SUMMARY:

The Legislative/Communications & Membership Committee (LCMC) is asked to approve up to \$30,000 in memberships for the National Association of Regional Councils.

STRATEGIC PLAN:

This item supports SCAG’s Strategic Plan: Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; and Goal 2: Obtain Regional Transportation infrastructure Funding and Promote Legislative Solutions for Regional Planning Priorities.

BACKGROUND:

Sponsorships

The National Association of Regional Councils (NARC) is the leading advocate for Metropolitan Planning Organizations (MPO) based out of Washington, DC. NARC serves as the national voice for regionalism by advocating for regional cooperation as the most effective way to address a variety of community planning and development opportunities and issues. NARC’s member organizations are composed of multiple local governments that work together to serve American communities – large and small, urban and rural. They regularly provide solutions that positively impact American communities through effective inter-jurisdictional cooperation.

The annual dues are \$30,000. SCAG has been an active member of NARC throughout the years and recommends continuing to do so as this organization is consistent with SCAG’s core responsibilities and Mission. As a national public interest organization, NARC works with and through its members to:

- Shape federal policy that recognizes the increased value of local intergovernmental cooperation;
- Advocate effectively for the role of regional councils in the coordination, planning, and delivery of current and future federal programs;
- Provide research and analysis of key national issues and developments that impact members; and
- Offer high quality learning and networking opportunities for regional organization through events, training, and technical assistance.



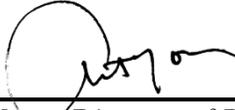
REPORT

FISCAL IMPACT:

\$30,000 for memberships is included in the approved FY 17-18 General Fund budget.

ATTACHMENTS:

None.

Reviewed by: 

Art Yoon, Director of Policy & Public Affairs

Reviewed by: 

Basil Panas, Chief Financial Officer

REPORT

DATE: November 21, 2017

TO: Legislative/Communications & Membership Committee (LCMC)

FROM: Kevin Gilhooley; Regional Affairs Officer; (213) 236-1878; gilhooley@scag.ca.gov

SUBJECT: Federal Tax Reform Update

RECOMMENDED ACTION:
For Information Only – No Action Required

EXECUTIVE SUMMARY:
On November 2, 2017, Chairman Kevin Brady (R-Texas) of the House Ways & Means Committee introduced a sweeping plan to reform the nation’s tax code known as House Resolution 1 (H.R. 1), or the House Tax Cuts and Jobs Act. The plan would consolidate income brackets, lower the corporate income tax rate to 20 percent, double the standard deduction, and end or scale back a number of tax credits and deductions. The Ways & Means Committee advanced the measure on November 9 and a vote by the House Committee on Rules and the entire House of Representatives are expected before the Thanksgiving holiday.

On November 9, 2017, Chairman Orin Hatch (R-Utah) of the Senate Finance Committee released the Senate’s version of the Tax Cuts and Jobs Act, which shares many objectives of the House plan. A vote on the Senate plan is expected soon, to meet the Senate’s goal of passing the legislation shortly after Thanksgiving.

STRATEGIC PLAN:
This item supports SCAG’s Strategic Plan: Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; and Goal 2: Obtain Regional Transportation infrastructure Funding and Promote Legislative Solutions for Regional Planning Priorities.

HOUSE TAX CUTS AND JOBS ACT:
Republicans in the House of Representatives released a sweeping plan to reform the nation’s tax code. The plan consolidates income brackets, lowers the corporate tax rate, nearly doubles the standard deduction, and ends or scales back a number of other tax credits and deductions. Below is a summary of some of plan’s major changes. Also highlighted are areas of special importance to the SCAG region.

- General Overview:**
- Corporate Tax: The House plan drops the tax on corporate earnings from its current 35 percent to 20 percent, effective tax year 2018. The Senate plan introduces this change effective tax year 2019.



- Estate Tax: The House plan includes a phase-out of the estate tax. It would double the existing exemption to \$11 million for individuals and \$22 million for couples starting next year, and fully repeal the tax by 2024. The Senate plan also doubles the exemption, but stops short of a full repeal.
- Family Credit: A “Family Credit” is established that enhances and consolidates various tax credits associated with caring for dependents. This would credit taxpayers with \$1,600 for each child, up from the current \$1,000, but phases out the credit for joint-filers beginning at \$230,000. The Senate plan increases the credit value to \$1,650, with the phase-out for joint filers beginning at \$1 million.
- Income Brackets: The House plan consolidates seven incomes tax brackets of today’s tax code into five: zero, 12 percent, 25 percent, 35 percent, and 39.6 percent. The Senate plan retains seven income tax brackets, while reducing rates. The Senate plan drops the top rate of 39.6 percent to 38.5 percent.
- Small Business Pass-Throughs: Under today’s system, small businesses are taxed at the same individual rates as wages which can be as high as 40 percent. The House bill separates pass-through business income from ordinary wage income by creating a new lower rate for small businesses of no more than 25 percent. The Senate version adopts a 17.4 percent deduction for pass-through income.
- Standard Deduction: The standard deduction for a single taxpayer is roughly doubled. Today’s basic standard deduction is \$6,350 for single individuals, \$9,350 for heads of households, and \$12,700 for married couples. In addition, taxpayers can claim a personal exemption of \$4,050 for each taxpayer, a spouse, or dependent. Under the House Republicans’ plan, these standard deductions are raised to \$12,000 for single individuals, \$18,000 for heads of households, and \$24,000 for married couples. The personal exemption is consolidated within these higher deductions.

Areas of special importance to the SCAG region:

- Excludable Fringe Benefits: Certain employer-provided fringe benefits are excluded from an employee’s gross income and wages for employment tax purposes, including qualified transportation fringes. Qualified transportation fringes include qualified parking (i.e., on or near the employer’s business premises or on or near a location from which the employee commutes to work by public transit), transit passes, vanpool benefits, and qualified bicycle commuting reimbursements. H.R. 1 removes this deduction effective January 1, 2018. Specifically, businesses that offer parking or transit benefits to employees would no longer be able to deduct the cost of those expenses. Both L.A. Metro and Metrolink have expressed concern that such a move would discourage businesses from offering commuter benefits.
- Low-Income Housing Tax Credit: The plan retains the Low-Income Housing Tax Credit, which encourages businesses to invest in developing and maintaining affordable housing for low-income Americans. Specifically, it provides credits to developers for costs associated with building and maintaining rental housing units for individuals whose incomes fall below average incomes in any given area. This provision is of particular importance given our region’s critical housing shortage.

REPORT

SCAG staff confirmed that some 199 low-income units (in the SCAG region) were rehabilitated as part of development projects that took advantage of this tax credit in 2014, the most recent year for which data is available.

County	Total # of Units	
	Since oldest record (1987)	Since 2010
Imperial	3,208	444
Los Angeles	218,949	27,339
Orange	21,228	7,720
Riverside	17,215	5,916
San Bernardino	11,240	3,882
Ventura	7,103	2,778
All SCAG Region	278,943	48,079

- Mortgage Interest Deduction:** H.R. 1 preserves the home mortgage interest deduction for existing mortgages and maintains the home mortgage interest deduction going forward, but only for mortgages up to \$500,000. This is down from the current \$1 million. The change would only apply to home purchases and mortgages made after November 2, 2017. According to Zillow, an online real estate database company, the average home price in Los Angeles, Orange, and Ventura counties is above this \$500,000 threshold. The Senate version retains the current tax break that allows homeowners to deduct interest on mortgages up to \$1 million.
- Plug-In Electric Drive Motor Vehicle Deduction:** The House proposal repeals the credit for plug-in electric drive motor vehicles. Under current law, a credit is available for new four-wheeled vehicles (excluding low speed vehicles and vehicles weighing 14,000 pounds or more) propelled by a battery with at least 4 kilowatt-hours of electricity that can be charged from an external source. The base credit is \$2,500 plus \$417 for each kilowatt-hour of additional battery capacity in excess of 4 kilowatt-hours (for a maximum credit of \$7,500). Qualified vehicles are subject to a 200,000 vehicle-per-manufacturer limitation. Once the limitation has been reached the credit is phased down over four calendar quarters. The proposal is effective for vehicles placed in service in taxable years beginning after December 31, 2017.
- Private Activity Bonds & Advanced Refunding:** Private Activity Bonds (PABs) are debt instruments issued by a government agency to raise capital for revenue-generating projects where the funds generated are used by a third party. The funds raised often pay for highway and freight transfer projects, allowing a private project sponsor to benefit from the lower financing costs of tax-exempt municipal bonds. H.R. 1 repeals the ability to issue any PABs on a tax-exempt basis after December 31, 2017. This action would eliminate access to tax-exempt financing for facilities such as airports, sea ports, qualified highway or surface freight transfer facilities, and other eligible activities defined as private activity.

Private activity bonds are considered a critical tool for many of the region’s planned infrastructure investments as identified in SCAG’s 2016 Regional Transportation Plan/Sustainable Communities Strategies. For example, planned investments at the Port of Los Angeles would be negatively



impacted as tax-exempt financing plays a critical role in its Capital Improvement Plan, including \$450 million in projects that could be funded by bond proceeds. Based on current rates, if the Port of Los Angeles issued \$450 million of new PABs on a taxable basis, there would be an approximately \$1 million additional cost per year over the life of the bonds.

H.R. 1 also calls for the elimination of advance refundings. Advance refunding is a financing technique that allows an issuer to obtain the benefit of lower interest rates when the outstanding bonds are not currently callable. If this provision were enacted, SCAG has confirmed that the Port of Los Angeles would lose advance refunding savings of approximately \$3.5 million over the next five years and \$17.9 million over the remaining life of the Port's advance refundable bonds.

- State and Local Tax Deduction (SALT): H.R. 1 would eliminate a federal tax deduction for state and local income or sales taxes, and it would limit the deduction for state and local property taxes to \$10,000. The Pew Charitable Trusts has created interactive maps that show the percentage of filers in each state claiming the SALT tax deduction and the average amount claimed by those who take it. 34.4 percent of tax filers in California in 2015 took the state and local tax deduction, with an average claim of \$18,438. The Senate plan eliminates this deduction entirely.

Status:

Speaker of the House Paul Ryan (R-Wisc.) has committed to passing H.R. 1 before Thanksgiving, while the Senate President Pro Tem Mitch McConnell (R-Ken.) intends to bring the tax reform measure to the Senate after the Thanksgiving holiday.

Assuming both measures pass their respective chambers, a Conference Committee would be established to reconcile any differences between the two versions.

ATTACHMENTS:

None.