



TO: Salton Sea Authority Board of Directors  
FROM: Oracio Gonzalez, Ollin Strategies  
DATE: May 2023  
SUBJECT: California State Advocacy

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This memorandum provides a summary of state legislative and fiscal developments related to the Authority's state advocacy.

### Fiscal

On Friday, May 12, the Governor released his updated state budget proposal known as the May Revise. In response to the state's finances continuing to deteriorate, the Governor proposed "shifting" an additional \$3.3 billion (for a total of \$7.5 billion) in expenditures from the 2022-23 and 2023-24 fiscal years from the General Fund to other funds, including \$169 million of Salton Sea restoration funding. Specifically, the Governor's May Revise proposes to shift \$89 million in Salton Sea restoration funding included in last year's state budget, as well as the \$80 million he proposed in January 2023, to a general obligation bond.

At the moment, it is unclear what vehicle the Governor will use to effectuate these changes, be it one of the legislative bonds currently moving through the legislature, or his own bond proposal. As noted in a previous report, there are two primary bond vehicles moving through the legislature:

- AB 1567 (Garcia), a measure that would place a \$15.1 billion general bond before voters on March 5, 2024. The proposed bond would include \$240 million for Salton Sea restoration, with \$30 million set aside for the Salton Sea Authority. In addition, the bond would set aside \$15 million for a Salton Sea conservancy.
- SB 867(Allen), a measure that would place a \$15.5 billion general obligation bond before voters during a yet to be specified date. As proposed, the measure includes \$100 million for Salton Sea restoration activities.

Both measures were advanced to the floor of their respective house on Friday, May 19<sup>th</sup>, and are eligible for a vote as early as Thursday, May 25, 2023.

### Conservancy

On Friday, May 19<sup>th</sup>, the Senate Appropriations committee voted to release SB 583 from the committee's "suspense file" with amendments to:

- Limit the conservancy's territory to the Salton Sea ecosystem as defined in the Salton Sea Restoration Act to minimize overlap with the Coachella Valley Mountains Conservancy

- Limit the conservancy's scope from "implementing" the Salton Sea Management Program to "supporting" its implementation via awarding grants to do any, or a combination of, the following:

“(a) Expending funds and awarding grants and loans to develop and implement programs and projects that are designed to further the conservancy's purposes specified in Section 33812.

(b) Engaging community members and stakeholders through education, outreach, opportunities to provide input, and volunteering on programs and projects.

(c) Coordinating, collaborating, and partnering with federal, tribal, state, regional, and local jurisdictions and stakeholders to develop and implement programs and projects.”

- Establish the conservancy's governing board as consisting of eight voting members and five ex officio members. The voting members are defined as follows:

“1. A public member appointed by the Governor subject to confirmation by the Senate, who is not an elected official and who resides within the conservancy's territory.

2. A public member appointed by the Speaker of the Assembly, who is not an elected official and who resides within the conservancy's territory.

3. A public member appointed by the Senate Committee on Rules, who is not an elected official and who resides within the conservancy's territory.

4. Five members appointed from local governments surrounding the Salton Sea, area tribes, local environmental justice organizations, and others.”

The five ex officio, nonvoting members will include:

1. The Director of Finance, or the director's designee.
2. The Secretary of the Natural Resources Agency, or the secretary's designee.
3. The Director of Fish and Wildlife, or the director's designee.
4. The Director of Water Resources, or the director's designee.
5. One representative of the United States Bureau of Land Management, designated by the United States Secretary of the Interior.

While limiting the conservancy's scope from implementing the SSMP to instead supporting its implementation is a good step, the amendments do nothing to address the duplication and redundancy of roles currently undertaken by the Salton Sea Authority. As amended, the Conservancy's scope is now limited to almost a mirror image of the roles the Authority currently serves, including coordinating with stakeholders and other Government entities and implementing SSMP projects. The Authority, for example, is currently implementing a major component of the SSMP, the North Lake Pilot Demonstration Project, and is a joint local sponsor

of the U.S Army Corps Imperial Streams Salton Sea Feasibility Study, a joint effort with the U.S. Army Core, the California Natural Resources Agency and the Salton Sea Authority acting on behalf of its five member agencies.

In terms of the Conservancy’s governance, it is unclear who will appoint the five members from “local governments surrounding the Salton Sea, area tribes, local environmental justice organizations, and others.”

### **Other Legislation**

In addition to SB 583, the Appropriations Committees of the Assembly and Senate voted to advance or kill several measures the Authority had been tracking, including:

**AB 827 (Garcia):** Public health: pulmonary health: Salton Sea region. –Failed passage  
Would have require the State Department of Public Health to conduct a study of the pulmonary health of communities in the Salton Sea region. The bill made related findings and declarations. Measure was “held” in committee, effectively killing it.

**AB 1562 (Garcia):** Southeast California Desert Valleys Economic Zone – Failed passage.  
This bill would have require GoBIZ, subject to available funding, to provide technical assistance to local and regional entities around the Salton Sea on on how to establish and maintain regional economic hubs through the designation of place-based economic development zones.

**AB 1569: (Garcia):** Salton Sea geothermal resource area: Lithium Valley Office of Development: Passed to Assembly floor with amendment to make the creation of the office contingent on an appropriation of the legislature.

**AB 1593: (Garcia)** California Workforce Development Board: Salton Sea geothermal resources area: Equitable Access Program. Passed to Assembly Floor.  
This bill establishes the Equitable Access Program (EAP) administered by the California Workforce Development Board (CWDB) to prioritize employment opportunities in construction, manufacturing, technical, maintenance, operations, or reclamation activities for local residents of the Salton Sea geothermal resources area

The measure was passed unanimously by the Assembly Labor and Employment Committee. It is now before the Assembly Appropriations Committee.

**SB 471: (Padilla):** Corporation Tax: hiring credit: lithium extraction: battery manufacturers.  
Failed Passage

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws. This bill would allow a credit against those taxes to a qualified taxpayer for each taxable year beginning on or after January 1, 2023, in an amount equal to the qualified wages paid to a qualified full-time employee, as defined, hired prior to January 1, 2028. The bill would define “qualified taxpayer” for this purpose to mean a person or entity located in the County of Imperial or in specified parts of the County of Riverside, and that is primarily engaged in the business of lithium extraction or electric battery manufacturing. The bill would

define “qualified wages” as those wages paid or incurred for work performed by a qualified full-time employee within the 36-month period beginning on the first day the employee commences employment with the qualified taxpayer. The bill would require that, if a credit is allowed to a qualified taxpayer, and the employment of the qualified employee is terminated within the first 36 months of employment, the tax imposed in the year of termination is increased by the amount of the credit received, except as provided. This bill contains other related provisions and other existing laws.

Measure will be heard May 3, 2023 before the Senate Government and Finance Committee.