

Santa Barbara Happenings



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City Welcomes Randy Rowse as Mayor

On January 11, Randy Rowse was sworn in as Santa Barbara's new Mayor, replacing Cathy Murillo. Rowse previously served on the City Council with Murillo for 7 years. Rowse is expected to bring a nonpartisan approach to the City and is focused on the revitalization of local businesses. He hopes to remove politics from City Hall.

Proposal to Reinstate Parent-Child Exclusion from Property Tax Increase on Transfers Moves Forward

Language in an initiative known as Repeal the Death Tax Act has recently been approved by the California Attorney General. It is now up to the public to generate enough signatures to get the initiative on the November 2022 ballot.

Proposition 58 allowed transfers of certain properties to be excluded from reassessment when that property is transferred between parents and children. After Proposition 19 became effective on February 16, 2021, California residents who receive real property from their parents are now taxed based on the full fair market value of the property, unless it is the primary residence of the parent and it is used by the child as their primary residence after transfer. If used as the child's primary residence, up to the first \$1 million is eligible for exclusion from reassessment. For uses other than a primary residence (e.g. rental housing, vacation home, or commercial property), there is no exclusion.

If passed, the proposed initiative will allow parent to child exclusions from reassessment (property tax increases) for owner and non-owner-occupied properties. It will also eliminate the \$1,000,000 limit that Proposition 19 imposed on primary residences and raise the limit from \$1,000,000 to \$2,400,000 of assessed value on properties other than the primary residence.

The proposed initiative requires approximately 1.3 million signatures by the end of April in order to appear on the November 2022 ballot.

California Assembly District 37 (Santa Barbara County) Seat Open

California is currently in the process of redistricting State Senate and Assembly Districts. The 37th District will no longer include western Ventura County. The newly formed district in Santa Barbara will be without an incumbent. At the time of this writing, there are three official candidates: Gabe Escobedo, Jonathan Abboud and past City Councilmember and current Santa Barbara County Supervisor Gregg Hart.

The primary election will be held on June 6, 2022 and the top two candidates will go against each other in the November 8, 2022 runoff election.

Mark Zuckerberg Joins the Exodus from California to Texas

Not long after Elon Musk moved Tesla to Texas, Mark Zuckerberg's company Meta (formerly Facebook) announced it will be leasing 33 floors of office space in Austin, Texas. Meta's new building will be part of Austin's largest building at 66-stories high. Meta has indicated that it will be looking to fill hundreds more jobs. California's high taxes, corporate regulations, and housing cost continue to push businesses out. According to Austin's Chamber of Commerce, 25 major companies have relocated to Texas as of November 2020, including Samsung Electronics and Oracle.

City of Santa Barbara Faces \$344.5 Million Unfunded Pension Liabilities and Santa Barbara County also in Red Ink to the Tune of \$1.1 Billion

In 1999, then-Governor Gray Davis signed Senate Bill 400 which gave public safety employees (including prison guards, park rangers, and highway patrol officers) substantial retirement benefits. Local governments then adopted the model, offering public safety employees the ability to retire at age 50 while still earning up to 90% of their highest salary in retirement. Pensions are paid out by government agencies and employees, and with returns on CalPERS (the State pension fund) investments. When the 2008 recession harmed investments, governments began to pile up pension liabilities. The City of Santa Barbara is now facing \$344.5 Million in unfunded pension liabilities.

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In 2022, the City of Santa Barbara will pay out \$32 million in pensions. With little control on how to make up the gap, the City is looking at different strategies to pay the liabilities.

The City's Finance Committee, and eventually the full City Council, will have to decide which route to take to stabilize the situation. The City of Santa Barbara Ordinance Committee is currently analyzing its pension plans. We are left to hope that our elected officials have the financial expertise to make the right decision, but the prospects for success are daunting.

According to the 2021 Grand Jury report, Santa Barbara County is also facing \$1.1 billion in unfunded pension liabilities. The Grand Jury has requested that the County and cities develop a plan by June of 2022 to address the solvency risks in these pension plans.

Santa Barbara Based Sonos Defeats Google in Patent Dispute

On July 6, 2022 the U.S International Trade Commission ruled that Google infringed upon local business Sonos' patents for synchronizing audio across multiple speakers. A cease-and-desist order was placed against Google in addition to a ban that would block any imports of products that infringe upon the patents. Sonos currently has two more patent-infringement cases against Google at the federal level. Go Sonos.

Insider Trading by Government Officials: House Speaker Nancy Pelosi Makes Millions on Stock Trades of Companies She Regulates

Speaker Pelosi has personally gained up to \$30 million from stock trading on the big tech companies she oversees in Congress while blocking congressional efforts to rein in big tech. Questions surrounding insider trading have arisen.

An investigation by Insider found that 182 high ranking congressional staffers violated the law between January 2020 to September 2021. U.S Representatives have access to confidential, non-public information giving them an unfair advantage in trading. A bipartisan group of lawmakers are set to introduce the Ban Conflicted Trading Act which would prohibit buying or selling individual stocks and serving on corporate boards while in office. To no surprise, Pelosi opposes the ban on Congressional trading stating, "we are a free market economy."

While some members of Congress are torn on this issue, 76% of all U.S voters are in support of the ban.

UC Santa Barbara Student Develops Tool to Detect COVID-19 Variant – Is Omicron the End of COVID?

UC Santa Barbara doctoral student Zach Aralis has developed a test that can differentiate between the Omicron and Delta variants. The differences between these variants are responsible for Omicron's increased transmissibility, yet milder symptoms. Aralis has been able to collaborate with local healthcare providers as well as Santa Barbara County Public Health Department.

A study of patients infected with COVID in Pretoria, South Africa (the city where the first outbreak of Omicron occurred) revealed a short-lived wave with milder illness than earlier strains. If the pattern continues globally, researchers believe Omicron might mark the end of the COVID era.

Santa Barbara, Ventura, and San Luis Obispo Counties See Increase In Retail Crime

Data gathered by the Business Times from County Sheriff's departments indicates increases in commercial burglaries for the Tri-County Region. Complete crime statistics will be released from the federal government within the next few months. In Santa Barbara County alone, there were 138 commercial burglaries in the first 11 months of 2021. Any business can be affected by commercial burglary. The worsening and constant issue of retail crime is ultimately decreasing citizens' quality of life.



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